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APOCALYPSE NOT



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Alan Greenspan, Self-Fulfilling Prophet

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WHO MAKES PUBLIC POLICY?

The Struggle for Control between Congress and the Executive

Robert S. Gilmour, *University of Connecticut*, and **Alexis A. Halley**, *Meridian International Institute*

The question raised by use of an explicit legislative mandate technique rather than the more common informal intervention techniques is whether the more heavy-handed legislative technique produces results closer to congressional intent than less formal techniques.

Diana Evans, *Trinity University*

Each element of the Nuclear Waste Policy Act raised new issues of significant concern to Congress, state and local governments, and citizens. As constituent pressure against the siting of the nuclear waste sites increased, so did congressional oversight and the number of committees and subcommittees having a stake in radioactive waste management.

James A. Thurber, *American University*

For the Prospective Payment System for Hospitals under Medicare, Gramm-Rudman and the accompanying reconciliation process institutionalized the relationship between the branches as a game of who gets credit for savings. In essence, the game is that if the administration proposes a change through regulation, it will get credit for a saving; if Congress proposes a change through reconciliation, it will get credit.

Alexis A. Halley, *Meridian International Institute*

Congressional involvement in the AMRAAM program drew wider attention to cost and technical problems with the system and raised the visibility of the system both in the Air Force and in the DOD generally. Congressional attention, expressed in a variety of intervention tactics, threatened AMRAAM as an Air Force program. In turn this threat stimulated the service and the DOD to rally in support of the program managerially and technically as well as politically.

Robert S. Gilmour, *University of Connecticut*, and

Eric Minkoff, *Department of Justice*

The historical pattern of reform in the realm of military command structure generally involved congressional efforts to dilute ambitious executive branch proposals to consolidate power over the military services. In the 1980s, by contrast, Congress pushed for such a consolidation against the wishes of the secretary of defense. Indeed, tension in this period of defense reform was less between the executive and legislative branches than between the Defense Department, on the one hand, and Congress and the White House, on the other.

Thomas L. McNaugher, *Brookings Institution*, with

Roger L. Sperry, *National Academy of Public Administration*

There is a compelling reason that Congress is always tempted to meddle in the details of administration. Implementation is—broadly across all of the U.S. government—the primary point of conflict resolution, and thus the place where many important decisions actually get made. Congress seeks a role in implementation because that, so often, is where the action is.

G. Calvin Mackenzie, *Colby College*

These cases show a “congressional co-manager” intervening directly in the details of policy development and management rather than enacting vague, wide-ranging, sweeping statutes to change fundamental policy directions. They also suggest that congressional co-management is as much a result of actions in the executive branch as it is a result of actions in the legislative branch.

Robert S. Gilmour and Alexis A. Halley

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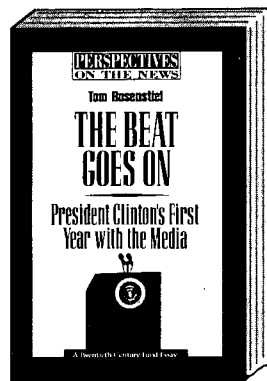


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AP

The Undertow

Paul Starr

As the 1990s began, Arthur Schlesinger, Jr. argued that America was due for a new era of affirmative government in keeping with the cycle of liberal and conservative periods that runs through our history. Uncannily, Bill Clinton's election came right on schedule, roughly 90 years after Theodore Roosevelt became president, 60 years after Franklin Roosevelt, and 30 years after John F. Kennedy. But if Clinton benefited from a change in the political tides (and it is still an open question whether he really has), he now faces a powerful undertow that threatens his ability to lead. By the undertow I mean the current of deep distrust, of suspicion of evil purposes and hidden crimes, that has emerged from the margins of political respectability to become the everyday language of the press and political debate.

Although Clinton's critics say the problems he faces are of his own making, the undertow has not struck him alone. The frenzy of suspicion that hit the presidency in 1994 hit the Congress years earlier. For several decades, opinion surveys have registered a decline of public confidence in nearly all our institutions. That sour mood has now turned positively rancid and created an environment where the "paranoid style in American politics," as Richard Hofstadter once called it, can become the subtext of *Wall Street Journal* editorials and the evening news and set much of the tone of public life.

Clinton might be less vulnerable to the undertow if he were buoyed by stronger organization from below. During the Progressive Era, the New Deal, and the sixties, the force of change came not only from elected leaders but from broad movements

of reform that reshaped the national agenda and mobilized the participation of groups who previously had little role or influence. There are no comparable movements today, certainly not to the left of the president, which could both challenge and support him and thereby, if only indirectly, help him govern from the center. Furthermore, many of the older institutions inherited from earlier movements, such as labor and civil rights, have undergone a long and deep erosion and cannot offset the mobilized resistance to change from the right.

Other political realities also increase Clinton's vulnerability to doubt. The overhang of the structural deficit from the Reagan years has left him only narrow room for new initiatives; he has pledged first to bring down the deficit, and he has done so but received little credit for it. Meanwhile, people want to see results, and it is hard to convince them that change is real when change so often takes the form of pilot programs. Clinton's political leverage is also limited because of his own narrow victory, the narrowness of his majorities in Congress, and the prospect of further erosion of those majorities at the mid-term elections—the mere anticipation of which has stiffened Republican opposition.

Thus, Clinton's vulnerability is structural. He is trying to pursue an ambitious agenda in a time of tight fiscal and political constraints. The ambitious agenda earns him enemies and energizes the opposition; the need to compromise, to phase in and scale back initiatives, creates disappointment and confusion among friends and reinforces doubts that he can keep his word.

Partly as a result, there is a stronger mobilization of the passions today on the

right than on the left. Turn on talk radio and you can hear the voices of angry men (and they are disproportionately men), bitter about social and cultural changes over the past several decades that they believe have come at their expense. Much of that anger is now directed at the president and Mrs. Clinton. Her symbolic role in the mind of the opposition is unmistakable; the gender tensions that have been boiling for two decades have now spilled on to the presidency. Some on the far right are as unreconciled to the results of the 1992 election as they are to women's equality, and on both fronts they seem bent on staging what amounts to a cultural coup d'état.

The link between this angry, unreconciled opposition and the undertow of suspicion affecting the Clinton presidency is direct. A hard core of Clinton haters generated the Paula Jones lawsuit and serves as rumor central for an endless string of allegations, such as stories that Vincent Foster was murdered. This effort would have had little success, however, if it did not intersect with the new dynamics of the media. There used to be a clear line between the tabloid and the mainstream press. Thanks to intense media competition and the loss of traditional standards of journalistic self-restraint, that line has now practically been erased. The networks have created one tabloid TV magazine after another, often anchored by the same people who anchor the evening news; and the evening news broadcasts themselves (particularly on CBS) have acquired the same tone of breathless innuendo. With more broadcast outlets, the appetite has increased for scandal-mongering and sensationalism. I would not have thought that anything would make me nostalgic for television as it once was, but the old network news operations, for all their faults, had an ethic of editorial responsibility that is disappearing.

It is now almost a ritual of our culture first to elevate and celebrate personalities, then to humiliate and destroy them. Fame is an incitement to investigative reporting

and its tabloid imitation, and the art of biography has become the continuation of tabloid exposure by other means. Today, if a biographer lacks sources for dialogue or events, no problem: he can make them up, and if the subject is a Kennedy or others in the public spotlight, so much the worse for them. We have become so used to reading about what public figures *might* feel or *might* think that we scarcely notice that much of what passes for psychological insight even in the high-tone press is no more than a respectable form of insinuation. Of course, old-fashioned insinuation is also respectable, if the *Wall Street Journal* editorial page is any indication. Character assassination (which the *Journal's* editorialists have made their speciality) is now not only sport, as Vincent Foster said in his suicide note; it carries no risks for the assassins. Who in America has lately paid any penalty for making false and vicious charges about someone in public life? The Supreme Court has reduced the potential costs of falsehood effectively to zero, while the payoff in self-promotion, not to mention movie rights, can be highly attractive. You do not have to be a believer in pure economic rationality to see that any society that sets the incentives so sharply in favor of the accuser will be awash in accusations about the prominent.

That the charges so often have a sexual character is also symptomatic of our time. In the age of Geraldo and Oprah, there are no inhibitions against public disclosure; shame has ceased to be a deterrent. Ceremonial degradation, often self-degradation, has become entertainment, and what better subject for entertainment than sexual exposés. What charges of secret subversive associations were to the Cold War, charges of private sexual misconduct have become in our day. The term "sexual McCarthyism" is exact. Reputations are contaminated, often without any possibility of the charges being disproved. And those who must wrestle in the mud, even if they ultimately prevail, still get mud-stained. Paula Jones says the man who is now president of the United States committed degrading acts in

private. Since no one else was present (if an encounter took place at all), her charges can never be corroborated. Nor is it easy for the president to prove a negative. An assassin could not hope to strike with so little risk.

I do not claim to know the truth about the president's inner character, but I know that something has changed about the character of our public life. In the past, opponents seem to have observed limits to how far they would take personal attacks on a president. It is interesting to speculate whether our country would have been better served if Presidents Jefferson, Jackson, Franklin Roosevelt, and Kennedy—all of whom are generally still revered as among the greatest in our history—had been forced to answer in public or in court the charges of sexual misconduct levelled against them; or if a special prosecutor had been appointed to probe Lyndon Johnson's early business deals after he ascended to the presidency. No president has ever before faced legal proceedings, or even an official investigation, regarding his conduct prior to becoming president. The reason is not that they all led blameless lives but that political conflict took place within certain bounds. The bounds have now been breached, with little thought to the long-run effects on political civility.

Clinton, of course, may yet ride out the undertow; his fortitude and tenacity are astonishing. According to the polls, wide majorities do not believe his conduct prior to becoming president is relevant to a judgment about his performance in office. As of May, he continued to enjoy a better than 50 percent approval rating. That, however, was roughly 15 to 20 points off where his predecessors stood at comparable points in the business cycle—a measure of what the undertow has thus far cost him. If he is forced to defend himself in court in either the Paula Jones or Whitewater cases, it could cost him far more.

What the undertow has cost the country, no one yet can measure. Politics and public life in America are becoming too danger-

ous, not just for the politicians, but for the health of democracy. The undertow doesn't just threaten Clinton personally; it is thwarting the changes that the American people voted for in 1992, including the very reforms that would help restore confidence in public remedy. What the president's opponents failed to stop in the elections, they are now trying to stop through different means by creating a crisis of presidential legitimacy. This coup must fail.

The New Dialectic

John Kenneth Galbraith

Modern economic life crosses national boundaries to form a web of intricate association that retards aggressive and regressive nationalism. Trade, investment, enterprise, technology, communications, and travel are today relentlessly transnational. Yet this same globalism undermines the capacity of the nation-state to stabilize its economy. From this paradox comes the first of the dialectics of our time.

On the one hand, there is the broad impulse toward closer economic and political association. This is evident in the European Union, the new North American Free Trade Agreement, and a very preliminary economic alliance between the Pacific Asian countries and Australia. Countering this trend are the lingering social and economic responsibilities of the modern state. The provision of medical care, education, housing, and such—and therewith the budget, taxation, macroeconomic policy and maintenance of employment levels—are now the duty of individual governments.

Thus the dialectic. On one side lies the strong political and economic appeal of the larger community—of Britain, France and Germany, no longer in military conflict but in politically safe association. On the other side lie the social tasks and responsibilities of the individual nation and its related and

diverse macroeconomic performance as to budgets, taxes, expenditures and deficits. At the present stage of institutional development, no global authority exists to address these tasks; even the European Union still lacks a common fiscal or monetary authority. Also resisting the claims of larger association are the ancient and enduring ties of national identity, language, and culture.

These are not matters readily surrendered to the more distant, and perhaps more amorphous, government of the greater union. The conflict between advocates of association and advocates of disunion continues to spark intense debate in Europe. The sharpest focus falls on the plan for a single currency—an attractive goal but one that must await coordination of the economic, social, and fiscal policies of the individual nations. Without such coordination, a common currency is a compelling but idle dream.

In the case of NAFTA, there was no vision of a shared currency or fiscal policy. Instead, debate over NAFTA in the United States and Canada turned, in a much more elementary way, on the extent to which domestic social concerns, especially employment and the environment, should be sacrificed for a larger, politically civilized association, with obvious economic advantages for monied interests. This debate will not end any time soon. The basic dialectic—the imperatives of national sovereignty versus the gains of closer union—will, in one form or another, continue.

The second and deeper dialectic of this decade exists within the modern state. At one time there was the all-embracing struggle between capital and labor. Democracy was a thin disguise for this conflict; political voice was most frequently on the side of the capitalists.

Now no longer. International competition has weakened the evident powers of monopoly and oligopoly. Where fear of corporate power once reigned in the United States, Canada, Britain and other countries

of the industrial old-guard, deep concern for corporate weakness has taken its place. Herein lies a second paradox: corporate weakness has not brought a resurgence of labor strength. Rather, it has brought about a profound change in the nature of class conflict.

I've made the point before. A strong working-class movement and strong unions in particular require strong employers. When the latter weakens, so does the former. As excess corporate profits evaporate, so do labor's will and reason to organize. The rewards are simply too diminished. Instead, there is worry about employer survival and, in the frequent case, a financial commitment by labor thereto. Class struggle, Marxian style, is thus defunct. The more relevant dialectic now exists between the Haves and the Have-nots, at least in our most advanced economic societies. Those who combine relative well-being with political power are now the many, not the few. To the once powerful and still affluent business community—managers and bureaucrats replacing the old-fashioned capitalists and still surviving entrepreneurs—add the large and wide-ranging professional, academic, cultural, and entertainment communities, the great modern rentier class, and the vast numbers of the retired. Here are both political voice and votes. Here, a measure of contentment persists even in a poorly performing economy. Recession and the failure of society to produce enough jobs—what economists call an "underemployment equilibrium"—are discomforts for others to suffer.

Among the sufferers are those who do the tedious work, staff the service industries, are involuntarily unemployed or have given up on the search for employment. From within the well-to-do community there come sincere expressions of concern for these outsiders. But it is the well-to-doers that rule—and rule in their own interest. Modern politics, most visibly in the United States, is dominated by this phenomenon. Consequently, many among

the underprivileged do not vote. They rightly question the point of voting when every candidate shares, to some degree, a belief in the basic status quo.

Social and political conflict is not now, and in the future will not be, between capital and labor. It will be between the comfortably endowed and the relatively or specifically deprived. This conflict may not be peaceful. When political voice and participation are not available outlets, violence becomes the alternative. The danger is already evident in the United States. In Europe, also, the great voiceless underclass, imported from abroad to do physically exhausting and mentally enervating work, serves to revive an anxious nationalism.

The steps needed to resolve this new form of class conflict are not so different from those required to remedy the traditional brand. The economy must be so managed and, as necessary, supported to provide ample employment. This requires strong macroeconomic action—public investment and job creation—when that is needed to break the underemployment equilibrium. It also requires budget restraint, but only when the economy is functioning well.

For those to whom employment is not available and for those who cannot work, there must be a secure and unstigmatized safety net. There must also be an effective educational system—nothing is so important for the upward mobility that vents underclass frustration. And it must be recognized that in no industrial country does the market system provide good or even habitable housing for lower-income tenantry. Finally, universal medical care and counseling for drug and alcohol abuse must be available to all. These measures become more difficult as the reach of the nation-state erodes, but they are far from impossible.

There is no great debate as to these needs, or most of them; there is a sense of the commonplace in citing them. But merely to cite them is to see that all come, in substantial measure, at public cost. Thus

the problem: rather than take on that cost, it is far easier for the comfortable to find flaws in the character of those who make up the underclass, to find flaws in immigration laws and their enforcement, and to find social virtue in a principled resistance to taxation and the invasive state. Then, as trouble looms, the comfortable find it equally easy to call for more police, more stringent jail sentences, or for moves to the suburbs.

It is the nature of the privileged to take a protective, short-run view of their own position. But there is no short-run substantive measure to relieve poverty or improve the lives of the underclass that does not require action by the state. Arguments to the contrary seek not to produce results, but to relieve the privileged of adverse conscience and cost. Our economic future will turn on how we reconcile these twin, interrelated conflicts between national autonomy and global association, and between the comfortable and the underclass.

The conflict between the exercise of national autonomy for economic and social ends and the larger global association will be resolved only by a two-way process. Tasks, notably fiscal and employment policy, must over time be shifted to an international entity as now is happening in Europe in a preliminary way. And associated countries must see the need for common internal social, fiscal, and monetary action. Some of the energy and attention now devoted to trade negotiation must henceforth go to collegial economic and social action.

As to the problem of the underclass, there is no easy answer. Perhaps some inspired leader can, as did Roosevelt in his time, bring them into the political process, make them full participants in the social order. Perhaps the threat to social tranquility, as in Los Angeles two years ago, will warn us of the need. Of the prospect here one does not know. The comfortable are now in control; one must resist the temptation to a clear or happy ending. ♦

Instant Replay

Three Strikes Was the Right Call

John J. DiIulio, Jr.

Jerome H. Skolnick's essay on crime policy ("Wild Pitch: Three Strikes, You're Out' And Other Bad Calls on Crime," Spring 1994), omitted some important facts and ignored several valid arguments.

Echoing the anti-incarceration consensus within criminology, Skolnick asserts that life without parole for thrice-convicted violent felons is a bad policy idea, a "wild pitch." Actually, it's more of an underhanded lob to career criminals, most of whom would hardly be affected by it. In 1991 there were about 35,000 new court commitments to federal prisons. Less than 6 percent of federal prisoners were sentenced for violent crimes. About 30 percent of the 142,000 persons committed to state prisons were sentenced for violent crimes. If 10 percent of all prisoners sentenced for violent crimes were on their "third strike," then the law would have affected some 4,500 persons in a corrections population of nearly 4.5 million. Love it or hate it, "three strikes" would have little impact on the size of prison populations, and would do nothing to plug the worm's hole of phoney "mandatory minimum" laws. These laws have put about three-quarters of all convicts—over 3 million criminals—on the streets under "supervision" that in most cases means a monthly chat with an overworked, underpaid probation or parole agent.

Millions of crimes are committed each year by convicted offenders whom the system didn't keep behind bars. Within three years of their release, persons convicted of property crimes are about as likely to commit a violent crime as persons convicted of violent crimes in the first place. And please, no more nonsense about "intermediate

sanctions." Recent studies show that fully half of all probationers don't even comply with the basic terms of their sentences (pay fines, do community service, accept drug treatment) before being released from custody, and only one-fifth of the violators are ever disciplined in any way. Meanwhile, repeat criminals who beat the system inflict hundreds of billions of dollars in damages on their victims and society each year.

Skolnick may think the Polly Klass tragedy is mere sensationalism, but all the data show that the system routinely permits known predatory criminals to plea bargain their way to lesser charges at the front end, only to give them numerous get-out-of-jail-free cards at the back end. In 1991 thirty-four states released more than 325,000 prisoners combined, 90 percent of them to community-based supervision. About half of these offenders had served a year or less in prison before their releases. On average, they served 35 percent of their time in confinement. This average held pretty well for all types of offenders. Thus, murderers received a maximum sentence of 20 years but served under 8 years (below 40 percent of their sentences) in prison, while drug traffickers (organized traffickers, *not* mere possessors) received an average of 4 years and served about 14 months (35 percent of their sentence) before release. The state-level data paint the same bleak picture in finer detail. In New Jersey, for example, the typical prisoner had 9 arrests, and 6 convictions, committed over a dozen serious crimes (excluding *all* drug crimes) in the year prior to his incarceration, had about a 50-50 chance of victimizing again after his release, and was most likely to victimize poor and minority citizens.

No Americans suffer more from permis-

sive penal practices than the law-abiding minority citizens of inner city neighborhoods. Middle-class and affluent Americans are spending record amounts on private security devices, rent-a-cops, and other measures intended to make the environments in which they live relatively impervious to crime. That spending, in conjunction with now commonplace danger-avoidance behaviors (don't walk alone or ride the subway at night, don't drive through "bad neighborhoods"), help explain the recent decrease in crime rates nationally. But poor folks can't afford private security measures. Instead, they rely mainly on a "justice system" that virtually invites the criminally deviant to prey upon the truly disadvantaged.

Like most criminologists, Skolnick obscures the public protection value of imprisonment behind criminologically *de rigueur* rhetoric about the steep increase in the rate of incarceration, the U.S. having the highest incarceration rate in the world, etc. But he doesn't mention that the rate increase in community-based supervision has been even steeper. Nor does he note that only 6 percent of state prisoners are non-violent first-time offenders. The federal system, in which prisoners must serve at least 85 percent of their time behind bars, consists largely of "non-violent" drug dealers with multiple convictions. My Princeton colleague, Ethan Nadelmann, has made a number of powerful arguments for decriminalizing drugs. He's persuaded me on some points, but not all, and not on the bottom line of legalization. But most criminologists who balk at mandatory prison terms for drug merchants lack the courage of their criminological convictions. Rather than asserting that we're locking up too many harmless people for too long, criminologists ought to get specific—identify these people, and tell us, on a jurisdiction-by-jurisdiction basis, precisely what classes of criminals they would like to let out sooner.

I agree with Skolnick that it is irrational to wait until career criminals are drifting

into their less crime-prone years before slapping them with long sentences. James Q. Wilson and others made that case years ago. But there are at least four other considerations. First, the differences among the criminal classes in prison today are not that wide. We're not talking about criminals—we're talking about plea-bargain-gorged *convicted and imprisoned criminals*—the vast majority of whom carry a criminal portfolio featuring multiple property crimes, multiple violent crimes, or both.

Second, it's true that older criminals commit fewer and less serious crimes than do younger criminals. But less crime isn't no crime and we don't have any reliable way of predicting which prisoners are harmless "geriatric inmates" and which are still dangerous. (Ask the Massachusetts authorities who recently got burnt by a 61-year-old released prisoner who murdered again.)

Third, if we're really so concerned about waiting too long before hammering repeat criminals with heavy sentences, why not support "two strikes" laws that incarcerate them while they're hot—if not for life, then for 15- to 20-years with no good time and no parole? California and dozens of other states are moving in this direction. Godspeed to them. Of course, when pressed most criminologists want only "violent" crimes to count as a "strike"—major drug felonies, carjacking at knife-point, etc. aren't supposed to count. These folks have to stop decriminalizing things without admitting it, and without telling the rest of us why. This goes especially for all their hypocritical cheers for gun control. New Jersey, like many states, has dozens of tough gun laws. But the penalties for gun law violations aren't strictly enforced. Would those who want more restrictions on guns also favor making serious gun-law violations a "strike"? I would.

Fourth, society has a right not only to protect itself from convicted criminals but to express its moral outrage at their acts by, among other things, keeping them behind bars. For example, what is the right moral

posture when it comes to cases like the 73-year-old man recently sentenced to life without parole for the 1963 murder of civil rights worker Medgar Evers? In my view, the public and their elected leaders have a better grasp of the moral *and* empirical issues at stake than do most of our country's criminologists.

Skolnick and most other criminologists are sure that prison is not the answer. But what, precisely, is the question? If the question's how to solve America's crime problem, plus all the rest of its urban problems, then prison is no answer. But if the question is what can protect the public from violent and repeat criminals, then prison is a very good answer indeed. Professionally, criminologists should not ignore the data on how little time most violent and repeat criminals spend behind bars. Morally, they should not ignore the pleas of a majority of Americans of every demographic description. Nor should they belittle the lived experiences of the Klass family and others that, like my own, have suffered the murder of a loved one at the hands of a released repeat criminal, or had their lives and property trifled with or ruined by thugs whom the system let loose. We can forgive the public, which has become so frustrated with America's revolving door justice that it applauds Singapore's institutionalized canings.

As Skolnick noted, the "100,000 cops" provision of the crime bill would actually mean about 10,000 around-the-clock cops distributed by Congress among hundreds of jurisdictions. The federal bucks are just seed dollars that will dry up in a half-decade, leaving the states and cities to bite the bullet. Still, with artful administration by the Office of Justice Programs (read: not the 1970's saga of the Law Enforcement Assistance Administration revisited), there is still the chance that the community policing provisions of the bill could be married to its manpower provisions. At least that's what the academics (including David Bayley, author of the 10-for-1 rule cited by Skolnick) and government officials who

joined me at Brookings for a session with the Justice Department hope will happen.

In the 1980s Skolnick and other criminologists made excellent arguments for community policing. But community policing was oversold as a do-more-with-less strategy. You can't just retrain cops and put more of them on foot patrol. Many big city police forces have contracted. The thin blue line is stretched too thin, especially in the underserved inner city where crime is out of control. Community policing should be embraced for what it is—a do better with more strategy. The cheap talk's over, the bill's due, and it includes more money for more cops. The public is willing to pay; criminologists should belly up to the bar, too, and endorse more police.

Skolnick has cited my January 1994 op-ed on crime for *The Wall Street Journal*, which had also recently run pieces on crime by syndicated columnist Ben Wattenberg, historian Paul Johnson, and several others. In that op-ed, I supported what President Clinton said on crime in his State of the Union address, and condemned Attorney General Reno and other liberal elites who respond with doublespeak to the public's legitimate calls for tougher anti-crime measures. Skolnick compares this op-ed to a 1990 article I published in *The American Prospect*, and a 1991 article I co-authored for *The Brookings Review*. Finding my "message" to be "more tempered" in these essays than it was in the op-ed, he writes that the "hardness of DiIulio's line seems to depend on his forum." He concludes by asking, "Does DiIulio read DiIulio?"

For the record, my TAP article was mainly about prison rehabilitation programs, including drug treatment. I have continued to write on that issue, done what I could to encourage Senate Republicans and others not to throw the drug treatment baby out with the crime bill bath water, and accepted a public tribute on that score from Democratic Congressman Charles Schumer of New York. I'm for more prisons, stiffer and enforced sentences, and whatever rehabilitation programs work to cut costs and

reduce recidivism. But there's no need to genuflect at the prisoner rehabilitation altar in an op-ed that calls for tougher sentencing.

Whether or not imprisoning Peter keeps Paul honest, with Peter locked up, society saves itself from the crimes he might have continued to commit. And by keeping him behind bars for all or most of his term, society spares itself the crimes that might have followed his early release. For example, between 1987 and 1991 Florida parolees committed some 25,000 new crimes, including 5000 violent crimes and 346 murders. The *Brookings Review* article referenced by Skolnick was a cost-benefit analysis of imprisonment based on official criminal records and prisoner self-report data, which revealed that in the year prior to incarceration, the typical prisoner committed about a dozen serious offenses, excluding all drug crimes. The study found that for most prisoners "prison pays" (i.e., the social benefits of incarceration are nearly 1.4 times the social costs).

Last year I completed another major prisoner self-report survey. The results, which will be published this year, indicate that the benefits of imprisonment are even greater than reported in the *Brookings* study. Still, as I wrote in the first study, "the relationship between imprisonment rates and crime rates is ambiguous." Finding that prison pays at the margin does "not mean that it is cost-effective to imprison every convicted felon."

Amazingly, however, Skolnick and other criminologists have repeatedly cited those obvious cautions and ignored the major finding of the study—namely, that contrary to all their assertions, *prison pays*. Incarcerating a greater fraction of convicted felons would yield positive social benefits, and quite dramatic ones if we factored in even a small deterrence benefit and included even a tiny fraction of all drug crimes.

Skolnick notes that the *Journal* tagged my January 1994 article "Let 'em Rot." As I made clear in my blistering top-of-the-letters-page response, the *Journal* editors' title has everything to do with the casual cal-

lousness of some conservative elites and nothing to do with either the public's concerns about crime or my views, backed by extensive research, on the practical attainability and moral necessity of humane (not luxurious) prison administration. Still, Skolnick asserted that my "message" in the piece was as "draconian" as the title.

If criminologists like Skolnick think it's "draconian" to want most violent and repeat criminals to spend most of their time behind bars, to be fed up with fake get-tough measures, to condemn liberal elites who just don't get it, and to want what majorities of every demographic group in America wants in the way of effective justice, then so be it. That says more about the perversity of the criminologists' message (prisons are teeming with petty criminals, Americans are a punitive people, voters are fools, politicians are weathervanes, drugs ought to be decriminalized, and the "experts" always know best) than it does about any venue-sensitive changes in my writing. And since Skolnick liked tarring me with a title against which I had publicly protested, let me note that last November I wrote an op-ed for, if I may imitate Skolnick—where else?—*The New York Times*. My loud, clear, and on-the-record "message" on prisons (more!) was exactly the same there as in the criminologically incorrect *Journal* piece. But the *Times* billed the article "Save the Children."

Jerome H. Skolnick Replies

John DiIulio's response is shot through with overheated generalizations. His first paragraph contains his first big—no, colossal—error, namely that three strikes "would have little impact on the size of prison populations." That's not true in California, the nation's most populous state, where three strikes is currently on the books.

DiIulio assumes that only "violent" felonies count as "strikes," but the California law itemizes "serious" felonies as well. Consequently, California is expected to imprison an additional 3,850 as a result of the Three Strikes law next year.

DiIulio estimates that three strikes will affect a total of only 4,500 felons in all state prisons in a given year based on 1991 estimates of prison population. Subtract 3,850 from 4,500 and you have only 650 additional felons incarcerated for life, in a given year, as a result of the three strikes laws impending in other states. That's not believable.

DiIulio's point would be better made as follows: the impact of three strikes laws on the size of prison populations will depend on how legislatures define third offenses that count as "strikes." DiIulio himself doesn't see much difference between property offenders and violent offenders. He mistrusts intermediate sanctions as well, although he fails to mention how starved parole and probation services are in comparison to prisons. DiIulio disavows "Let 'em rot" as his maxim, but "Lock 'em up" seems to be advised.

California's legislature has plenty of DiIulio-like thinkers. Consequently, the Department of Corrections expects significant increases in prison population as a result of three strikes, and so will other states if they follow California's lead. Moreover, since these are life sentences, their impact on prison population increases with time.

Even before three strikes legislation passed in California, the Department of Corrections predicted that its 1999 population would be more than seven times what it was in 1980. The CDC now predicts that three strikes will enlarge this number by more than half again.

The CDC estimates that three strikes will require at least 20 new prisons, in addition to the dozen already under construction. Eventually, in 2027-28, California is expected to incarcerate 272,438 criminals—the equivalent of building an electric fence around the city of Anaheim.

Interestingly, nobody, including three strikes supporters such as Governor Pete Wilson, disputes these figures. What they warrant instead is that prisons save money.

In New Jersey, where the Senate unanimously approved a three strikes law on May 12, Louis F. Kosco, the bill's sponsor, echoed this theme to a *New York Times* reporter who questioned how cash-strapped governments will cover the cost of booming prison populations. "Each time they go through the revolving door, repeat offenders cost the state a great deal in legal and parole expenses," he said. "And we must take into account the economic and social costs . . ." George Romero, Chief Economist of the California Governor's Office of Planning and Research, issued a report in late February which estimates the amount of these savings. The average criminal, he says, hits the rest of us up for around \$200,000 a year.

Consequently, although Californians will spend \$383 million to imprison an estimated additional 3,580 under the three strikes law now in effect, the state will save, Romero computes, \$716 million. California will really strike it rich in 2027, when the state can count on imprisoning 272,438 at a whopping savings of \$54 billion compared to a measly \$6.3 billion in prison costs. But three false assumptions undermine the report's conclusions:

First, the report assumes a finite group of criminals. If we keep them locked up for life or close to it, crime, the report assumes, will tumble significantly. The fallacy is this: serious violent crime is committed primarily by 15-24 year old males. The rate declines when they move into their thirties, as DiIulio acknowledges.

As Gottfredson and Hirschi assert convincingly in their recent *A General Theory of Crime*, the serious, predatory offenses said to be associated with career criminals are actually committed by young people "some of whom go on committing them for awhile, but most of whom spend their . . . late twenties running afoul of the authorities over alcohol, drugs and family

squabbles." Even Sheldon and Eleanor Glueck, after a lifetime of research, report a substantial reduction in serious criminality in the 25-31 age range. If we lock them up for life, as three strikes demands, they will be replaced by younger criminals. Geriatric cases will fill the prisons, while offenders will remain youthful. In the end, the public is no safer.

Second, there is no such animal as "the average criminal" or an "average murderer." The eight-year figure supplied by DiIulio includes premeditated murderers, and those who kill accidentally while driving under the influence. Both deserve punishment, but criminal law sensibly distinguishes their respective moral culpability. Sensible public policy should not penalize all felons, even violent felons, with equal, mandated, discretionless severity. Three strikes laws, and Romero's analysis, tend to treat all felons equally. This is neither morally justified nor fiscally sound.

Finally, prison costs are certain while savings are speculative. While shelling out for the five-fold increase in corrections since 1980, Californians have had to sacrifice other services in education, health and welfare. California's public schools, which once ranked near the top, now rank near the bottom, close to Mississippi's. Its higher education system has been ravaged by the need to offer a generous retirement package to many of its most distinguished faculty because it can no longer afford to pay them without firing twice as many junior faculty.

Three strikes will shift the budget balance sharply in favor of prisons and away from educational and social services, in the absence of which teenage crime will flourish. Vast "savings" from expanded prisons are the 1994 crime control version of voodoo economics.

Even without three strikes legislation, California is already the nation's biggest jailer, with one out of eight American prisoners occupying its cells. California's prison system has grown twice as much as the systems in the next three largest states (New York, Texas, and Florida) and four

times as much as Western Europe's.

If high rates of imprisonment (recall DiIulio wants "more prisons, stiffer and enforced sentences") lead to feelings of public safety, Californians should feel twice as safe as New Yorkers, Texans and Floridians and four times as safe as citizens of France. They don't. As Joan Petersilia and Peter Reuter conclude in their RAND book *Urban America: Policy Choices for Los Angeles and the Nation*, California locks up too many people, often for the wrong offenses (drug offenders accounted for 26 percent of California prisoners in 1990, up from 11 percent in 1980) and has too little to show for it in enhanced public safety.

As reports of these facts are filtering through, the public and the press are beginning to reconsider. For example, a 70-year-old San Francisco woman refused to testify against an addict-burglar who had broken into her car. She didn't think he deserved a life sentence and called the Three Strikes law "a holocaust for the poor" in a local newspaper.

Even the Klaas family has come out against the current law, saying they were bamboozled into supporting it in a time of grief. They support a more moderate bill that eliminates household burglaries as strikes. The California three strikes law is tough and dumb, and anyone remotely familiar with the criminal justice system understands that.

According to DiIulio, I and other criminologists are out of touch with the concerns of middle class Americans. This is hyperbolic nonsense. Granted, most criminologists are skeptical that expanding imprisonment by mandating life sentences is a solution to America's crime problem. But we are skeptical for the very reason that DiIulio is: "If the question's how to solve America's crime problem . . . then prison is no answer." If we starve education and social services to pay for excessively long prison sentences, if we concentrate on building prisons at the expense of schools,

crime will increase and public safety will suffer.

The criminal sanction is both an expression of moral outrage and a method of controlling crime. Unfortunately, the two goals are not always in sync. The call for long, mandated prison sentences is a response to moral outrage. Some criminals should be locked up for decades, even for life, to protect the public. For that goal we need more, rather than less, discretion from judges and parole boards.

Likewise, it makes no sense to mandate five year sentences for an 18-year-old caught selling drugs, unless we simply want to express moral outrage. Someone else will almost certainly take his place. (See Daniel Feldman, "Imprisoner's Dilemma," *TAP*, Summer 1993).

Yes, time served for violent felonies has decreased in the last ten years. Two trends are responsible. We've been sending more nonviolent offenders to state prison because local jails are overcrowded, and we've been locking up parolees who flunk their drug tests. The latter account for about 25 percent of California's prison population.

DiIulio's rantings about criminologists as "elitists" belie a central truth. Criminologists are deeply concerned with controlling crime, especially in communities of disadvantage. I didn't write, as DiIulio claims, that the Polly Klaas tragedy is "mere sensationalism." I did say that had supposedly "soft-on-crime" indeterminate sentencing been in effect, Richard Allen Davis would not have been released.

I also tried to account for the fact that at a time when crime rates are flat or declining in California (and the nation), crime has become America's number one concern. Klaas's murder, plus a number of other highly publicized crimes, I wrote, "have sent a scary message to the majority of Americans who do not live in the inner city." Polly was an especially lovely, vivacious girl with a winning smile. And she was white and became "America's daughter." But the fact remains, a teenager's chances of being murdered in

east Oakland or southeast Washington D.C. are considerably higher than in Petaluma, a bucolic northern California suburb.

What most criminologists question are policies directing funds away from crime prevention measures in disadvantaged communities and toward the expensive financing of mandated life sentences, especially for those convicted of nonviolent felonies. If crime control is the issue, criminologists have a lot to contribute. If moral outrage is what it's all about, the ranters and ravers will win the day.

Nor are criminologists opposed to appropriate, just, and effective incapacitation. When thoughtfully applied, it can protect the public against repeatedly violent criminals. True, we will make mistakes. The answer, however, is not to eliminate discretion, but to use it wisely, as is done in Minnesota's widely acclaimed sentencing guideline system.

Even DiIulio agrees imprisoning criminals for decades when they are beyond their high crime years makes no sense. He wants to hammer them while they're hot. The issue then becomes what does it mean to hammer, for which offenses, and how hot?

I agree that prosecutors will soften the impact of three strikes in California and other states. Prosecutors are the most powerful actors in the criminal justice system. They can and will bargain, no matter what the legislation says. Even so, California and other states that follow its model will experience a vast expansion of imprisonment.

Let me conclude on a personal note. This business of argument by "elite" name calling (including Janet Reno in that category, no less) scarcely advances the debate. Besides, how can a Princeton professor and contributor to the *Brookings Review* and *The American Prospect* classify others as elites and himself as an ordinary working stiff? C'mon, let's be real. If the cultural revolution were to come to America, John DiIulio and I would be sentenced to plow the fields together, side by side. ♦

Letters

To the Editors:

Paul Starr's "Seduction of Sim" (Spring 1994) reminded me of my encounter some years ago with econometricians-as-policy-wonks. At this conference on employment policy, a band of young economists reported on their simulations of various employment and training schemes. They were very bright, very confident, and very Washington—policy to them meant only what Congress might pass this year.

After listening in silence to their renditions, I finally could not contain myself and at the end of the discussion period raised some doubts: "You don't have the data that you need so you substitute what you call 'proxy data.' That may allay your anxieties, but it is still ersatz. Then, you run the data through a model which is based on a lot of very sensitive assumptions about the relationships of variables. Vary an assumption and you will get a different picture. You disregard the administration of the program. And then you report your outcomes with high precision. How can you have such confidence in your results?"

A number came up to me afterwards and said I was right. They offered different interpretations of what I had said. One thought that I was asking for more social variables in the model. A second said I was pointing to the need for com-

peting models. A third believed I was demanding the use of competing variable sets in a model. A fourth saw me as pointing to the need for specifying degrees of confidence in the results.

None of these imputations was a bad idea. What I found intriguing is that I had not offered any solution to the doubts that I had raised. They saw different things in what I said and had ready solutions to the problems. That suggested to me that there was a hidden uncertainty beyond the secure facade that they presented as professionals. But they were holding fast to the methodology, just willing to bend it to meet challenges. What I find most neglected in the policy simulation game is the treatment of the implementation of policy as irrelevant—that what works in calculation will work as effectively in practice; that how things are likely to be done day to day is unimportant in thinking about which policies may yield the best results. Policy simulations should be treated as only one of many tools, not as the definitive adjudicator.

S.M. Miller
Brookline, Mass.

To the Editors:

Jerome Skolnick calls for the application of reason to problems of crime and punishment, instead of mindless emotion. He urges us to "embrace the values of the enlightenment over those of the dark ages." I think he is too optimistic. As Aeschylus reminded the Athenians, a place of horror and respect must be reserved for the Furies, or else, unconstrained and unconfined, they will do vast damage. I don't think Paul Johnson is altogether wrong when he urges government to respect the public's demand for retribution. I remain a proponent of the death penalty for that reason.

Skolnick's message is more urgent than Johnson's, though, because we have so far overdone the Johnson approach that we have now almost completely cut off our own noses to spite our own faces. We have ten times as many drug addicts

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as prison cells, even now, after two decades of such massive incarceration of low-level addict sellers that we have quadrupled our national prison population. Only fools believe we can build enough cells to incarcerate them all, or even half of them. If we do, we bankrupt ourselves. If we don't, we will continue to have a huge pool of replacements available for every low-level addict seller we incarcerate. Mandatory sentences that require the low-level addict sellers to occupy prison cells absolutely send violent criminals out of prison, back to the streets sooner. So either we utilize lower-cost community punishment, home incarceration, drug abuse treatment, restitution, intensive supervision probation on such addict-sellers, or we continue to present policies which guarantee that we increase our chances of being victims of violent crimes. I favor the first approach. While I have no hope that we can be as rational as Skolnick suggests (as I noted, I don't even think we *should* be as rational as he suggests), surely there must be a place for reason in this context. If I agree that we have an urgent need to move in the direction Skolnick suggests, it is only because our policies have become so irrational that we have a long way to go.

Daniel L. Feldman
Albany, NY

Feldman is a New York State Assemblyman, representing Brooklyn.

To the Editors:

Your article "What's Trust Got to Do With It" (Spring 1994) suggests that voters who believe in term limits really just don't trust themselves to vote out officials we don't want. That couldn't be more wrong. First, I do not believe that Congress is capable of passing the kind of election reforms that we need for our democracy to represent the average American over the big spenders.

Secondly, there is the power of the incumbent. Let's say that I have a Democratic House member in my area

who is an incumbent. I would like to vote for someone else because I think the incumbent doesn't represent my liberal point of view. However, it is traditional not to challenge the incumbent, for someone to upset this tradition might mean losing party support. Beyond this form of intimidation, a challenger must also overcome the financial support an incumbent commands from his post as "party leader." [Without term limits] I must either settle for the incumbent or vote for the candidate from the party which typically scares me because of its positions on controlling my liberties. With term limits I would have the chance at regular intervals to support a new representative who might better serve my interests.

Carl Granados
Asheville, North Carolina

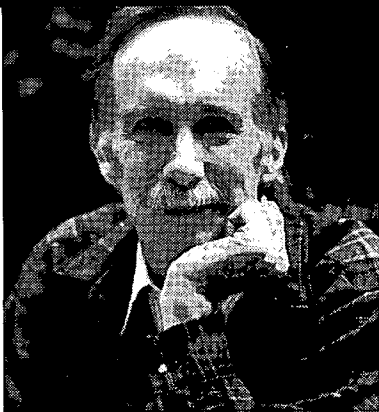
To the Editors:

In his caveat about the income and power inequalities of America's "cyber" future ("Only Connect," Spring 1994) Robert Kuttner mockingly compares the Horatio Alger icon status of the "millionaire cyber-nerd" to that of the urban Korean green grocer, rhetorically asking "if Korean grocers can make it in America, working the entire family 15 hours a day, why can't inner-city blacks make it as well?" For the cold-hearted symbolic analyst, he reasons, the answer is obvious: "It must be their own fault."

Well, it isn't. "Cyber-libertarians" don't blame America's underclass for its wretched state. No, if anything, we finger white paleo-liberals like Kuttner . . . [and his] opinion that, above all, poor blacks must be prevented from emulating the kind of entrepreneurial behavior that has so damaged the lives of "cyber-nerds" and Korean-American green grocers.

Unfocused sneering at entrepreneurship and achievement is the answer to none of [America's] ills or its distressed communities. Please understand this.

Erik D'Amato
New York, New York



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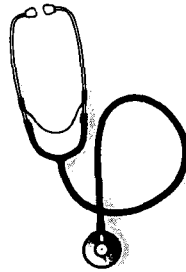
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Peter G. Peterson, as he cheerfully admits, is not a member of the middle class. He's a rich Republican Wall Street investment banker. But in his crusade against deficits and entitlements, he adroitly poses as a champion of the middle class.

Given his circumstances, it's not entirely surprising that Peterson is an outspoken opponent of the federal government's two most progressive (and successful) programs: the graduated income tax and Social Security. What is odd is that his pose as a friend of the common American succeeds; that he publishes in liberal journals like the *Atlantic* and the *New York Review*; and that he enjoys a largely uncritical press.

Even odder is the fact that Bill Clinton, after presiding over the most progressive tax reform in two decades, would name Peterson as one of his ten appointments to the newly formed Bipartisan Commission on Entitlement and Tax Reform. Peterson is at the epicenter of a growing network dedicated to demonizing entitlements.

In order to squeeze his 1993 budget plan through the Senate last year, Clinton had to appease Nebraska Democrat Bob Kerrey, who in an emotional, late-night speech on the Senate floor complained bitterly that the plan was not tough enough on the middle class. To secure Kerrey's reluctant vote, Clinton agreed to form a commission to study possible cuts in entitlement programs and new taxes. Congress was awarded 22 of the 32 seats on the commission, 12 Senators and 10 Repre-

The False Messiah

Pete Peterson's
Revelations Are
Not Gospel

Robert S. McIntyre

sentatives, each split evenly between Democrats and Republicans. The remaining 10 choices were reserved for the President.

But when it came time to make appointments, House Republicans, led by GOP Whip Newt Gingrich, refused to fill their five designated positions unless Clinton conceded some of his slots as well. After months of delay and with his promise to Kerrey on the line, Clinton caved in and named several Republicans, including Pete Peterson. Although Peterson's views are antithetical to much of the Clinton agenda, he will fit in well with several other members of the commission, including the two co-chairmen, Senators Kerrey and Republican John Danforth, who want both big cuts in federal transfer payments and major tax changes that encourage savings and investment.

The 67-year-old Peterson, who served Richard Nixon as a White House staffer and then Secretary of Commerce, has emerged as perhaps the leading spokesman for what remains of the anti-deficit wing of the Republican Party. For example, Peterson is the founding president of the nominally bipartisan Concord Coalition, chaired by former Senators Warren Rudman and Paul Tsongas. Senator Tsongas, who began his electoral career as a Republican, declared in 1992, "Of all the Democratic candidates, I have the strongest appeal among Republicans." The Coalition wants to eliminate the deficit by the year 2000 by cutting entitlements and raising consumption taxes. Peterson has helped fund "Lead . . . or Leave," a group with a similar entitlement-bashing agenda that claims to represent Generation Xers. He and his staff have written a number of books and articles, most recently *Facing Up* (1993), excerpted in the *Atlantic* under the same title and adapted in a *New York Review* article called "Entitlement Reform: The Way to Eliminate the Deficit."

Kerrey and Danforth apparently hope their Entitlements Commission will provide a quasi-official endorsement for the

Peterson program. Most GOP leaders fear that calling directly for entitlement cuts, namely in Social Security, is political suicide; they have instead stuck with vague recommendations for less "wasteful spending." Likewise, while they may favor lowering taxes on the wealthy, they are reluctant to call directly for higher taxes on middle- and low-income families to replace the lost revenue. Peterson is more forthright. Along with tax cuts for the rich, he explicitly endorses tax increases for the poor and the middle class as well as sharp reductions in what average families receive from the government.

But because Peterson cloaks his goals in the rhetoric of progressivity, the press has fawned over him. The misleading notions that entitlements are running up the deficit, stealing from future generations, and maintaining the elderly in affluence while young people suffer, have become received wisdom for many. Much like Tsongas, Peterson has cultivated a reputation as someone who is above politics and willing to face the hard truth.

Seductive Rhetoric

As outlined in his 1993 book, *Facing Up*, Peterson would tinker with various federal spending programs from defense to welfare, with little net change in the total spent. The heart of his agenda is the following:

- Cut Social Security and Medicare by \$135 billion a year by the year 2000—a reduction of 21 percent that year and more thereafter. Both the Concord Coalition and "Lead . . . or Leave" endorse similar proposals.

- Enact vast new federal taxes on consumption. Initially, Peterson would generate \$220 billion in additional annual revenue (in the year 2000) by imposing a national sales tax and a stiff tax on employee health benefits, as well as tripling or quadrupling selected federal excise taxes. He would use part of the money to pay for \$30 billion or so in new loopholes for corporations and the wealthy. Eventually, he hopes to raise about a trillion dollars

in new consumption taxes, so that he can eliminate personal and corporate income taxes entirely. The Concord Coalition endorses the same plan.

Peterson's bottom line is that the middle class gets too much from government and pays too little for it, while corporations and the rich deserve a break. Curiously, that's not how he sells his program.

Peterson frames his case by contending that well-off people get too much from government. "Counting both direct benefits and the value of entitlements conveyed through the tax code, the aggregate amounts received by people above the national median are simply staggering," he complains. "In 1991 nearly half of all entitlements went to households with incomes over \$30,000. One quarter went to households with incomes over \$50,000." Peterson takes into account all direct-benefit outlays and tax expenditures, then concludes that "On average, a household with an income under \$10,000 collected roughly \$5,700 in 1991. On average, a household with an income over \$100,000 collected \$9,300. This distribution of benefits by income . . . clearly . . . has nothing to do with economic equality."

To be a bit churlish, these figures don't necessarily seem all that bad. By Peterson's arithmetic, the lowest income group he cites gets almost its entire \$6,000 average income from government assistance, while the high-income group's "benefits," mainly tax breaks, amount to only about 4 percent of its \$200,000-plus average income.

But Peterson continues his populist rhetoric. "Middle-class Americans today feel hard pressed and beleaguered—and they are." Peterson promises to wring revenue from the "genuine upper class" through higher tax rates, lower tax subsidies, and greatly reduced entitlement benefits.

Alas, having piqued middle-class interest, Peterson switches his message. Stripping the big fish of federal benefits won't do much for the budget, he asserts, because the rich don't really get much in the way of

government subsidies:

As for direct entitlement benefits, . . . not much help is available from the rich. The maximum entitlement savings obtainable from the 1 percent of households enjoying incomes of more than \$200,000 are . . . about \$5 billion if we took away *all* their benefits (something that even Bill Clinton . . . has never dreamed of suggesting).

Nor, he claims, can we get much from eliminating the tax breaks of the rich. For all "the subtle subsidies that help the wealthy borrow huge sums for home mortgages and take unlimited health-care deductions," he says, "just 7 percent go to the Americans whom the President calls 'rich.'"

In truth, the wealthy get far more in tax breaks than Peterson admits. Hence, the bait-and-switch. Despite his rhetoric, Peterson apparently doesn't want the wealthy to relinquish anything. On the contrary, he would have the middle class suffer and the rich get tax cuts to more than offset any reductions in their direct federal benefits.

Rich Ironies

"Unlike some of my Wall Street colleagues," Peterson wrote in the October 1993 *Atlantic*, "I see absolutely nothing wrong with imposing higher tax burdens on the wealthiest in our society." That may be, but Peterson's tax program is about the most pro-rich approach imaginable.

Peterson harps on the "shocking" regressivity of various federal income tax breaks that he says provide an unfair advantage to the wealthy. Yet his ultimate goal is to repeal all personal and corporate income taxes. He is enamored of the so-called "progressive consumption tax," which would be levied on incomes after a deduction for money saved. By definition, corporations would pay no tax at all.

Since rich people can save a far higher share of their income than average families, a tax limited to spending would require extraordinarily high rates at the top to avoid

providing huge tax cuts to the wealthy. Indeed, only consumption tax rates of more than 100 percent for the very highest earners could approximate the progressivity of the current system. Enacting such rates would, of course, be impossible; as a result, Peterson's consumption tax would almost certainly cut taxes for the rich and raise taxes for most others.

Because a progressive consumption tax has unsolvable technical problems, Peterson offers a more practical, albeit hugely regressive, alternative: a 5 percent national retail sales tax, a 50-cent-a-gallon gasoline tax hike, sharply increased taxes on alcohol and tobacco, and a stiff tax on employee health benefits. Together, these taxes are supposed to raise \$220 billion a year by the year 2000.

Distributionally, the Peterson tax package would take about five times as large a share of income from median income families as from the rich, and an even higher percentage from the poor. But that's not all. It would also give corporations new tax breaks and the wealthy a capital gains loophole. So, far from "higher burdens on the wealthiest in our society," Peterson would grant himself and his high-rent neighbors a tax cut.

To be fair, Peterson does offer a rationale for so tilting the tax code. In his book, he says, "By taxing consumption (as opposed to income), we of course create incentives that favor household savings." In addition, he argues that "Every other major industrial country relies more heavily—typically, much more heavily—on consumption taxes than the United States does. Not coincidentally, these other countries have higher rates of private saving than we do."

The underlying premise of these contentions—that higher savings would be an unmitigated boon for our economy—can be debated. But even conceding that point, Peterson's assertions simply do not hold up under scrutiny.

Start with Peterson's contention that "every other major industrial country" relies more on consumption taxes. Yes,

most do—but not all. In fact, Japan, our biggest competitor, relies considerably less on consumption taxes and far more on income taxes than we do. And Japan leads the world in savings. Moreover, the rest of the industrial world does not agree that higher consumption taxes are the key to economic growth. On the contrary, 19 out of the 23 OECD countries have reduced their relative reliance on consumption taxes in recent years.

But why isn't it simply common sense that tax breaks for saving—or tax penalties for consumption—must lead to increased saving and less spending? Well, suppose that tomorrow the price of everything you buy went up by 5 percent but your income remained the same. It's unlikely that your first reaction would be to eat less, drive less, and move to a cheaper apartment so that you could save more. If anything, you'd cut back on your savings so you could consume just as before.

Alternatively, suppose you are trying to save money for retirement, a new car, or whatever. And suppose that the rate of return on your savings goes up, perhaps because the government gives savings a tax break. Would you rush to save more? Or, now that you could put less money aside and still meet your saving goal, would you choose to save less?

As a matter of economic theory there's no way to tell for sure, but the experience during the Reagan administration suggests Peterson is indeed wrong. In Reagan's 1981 tax act, new tax breaks were showered on savings, through deductible IRAs, capital gains tax breaks, a 30 percent cut in the top personal tax rate on investment income and a plethora of new corporate loopholes. Yet thereafter, savings plummeted. Conversely, when Congress repealed many of the tax breaks in 1986, savings eventually rebounded. Most experts who study these issues find no correlation between taxes on savings and savings rates, either in the United States or among the major countries of the world.

In 1992 when Peterson and I served on a

"capital formation" subgroup of a Presidential commission exploring these issues, the assembled experts overwhelmingly concluded that the relative level of taxation on savings versus consumption has little or no effect on saving behavior. That experience may help explain Peterson's reluctance to cite serious evidence for his assertions that consumption taxes would increase savings. But it does not excuse his clinging to the notion of regressive, unfair taxes at the core of his deficit reduction program. One wonders whether he isn't pushing consumption taxes precisely because they are so regressive.

Is Social Security Unfair?

The other half of Peterson's program—the part that carries the most weight in public debate—is the notion that excessive federal "entitlements" are at the root of our deficit problem. Entitlements are federal programs not subject to annual appropriations. They are simply paid to whomever qualifies. Entitlements are expected to cost more than \$800 billion in the upcoming fiscal year—more than half the entire federal budget.

Just under a quarter of mandatory spending goes for low-income programs such as Medicaid, food stamps, and welfare. Another sixth represents veterans benefits, federal employee retirement pensions, unemployment compensation, and several smaller items. (Farm price supports are less than 1 percent of total entitlements.) That leaves Social Security and Medicare, which currently account for about 60 percent of total entitlements.

To Peterson, the Concord Coalition, "Lead . . . or Leave," and others, Social Security is an expensive scandal. "We will no longer be able to afford a system that equates the last third or more of one's adult life with a publicly subsidized vacation," Peterson wrote in the *Atlantic*, hyperbolically implying that the average Social Security recipient lives to be 100. "Unfair and unsound . . . Social Security is a generational scam," Jon Cowan and Rob Nelson of

"Lead . . . or Leave" wrote last year in the *New York Times*. "The Concord Coalition believes that reducing [Social Security] payments to people with mid-level and higher incomes is not only fair but also the only realistic way to get control of the deficit."

Is any of this true? Well, no.

Sure, Medicare is out of control—just like the rest of the health care system. But the only solution is comprehensive health care reform. Clinton's program, for example, seeks to stabilize outlays for Medicare's hospital insurance program as a share of GDP, cutting them by 20 percent below current projections by the year 2000, a goal the generally skeptical Congressional Budget Office says the Clinton plan could achieve. In the past Congress has tried to trim Medicare without broader reform. But the main effect was that hospitals and other health providers shifted costs to other patients in order to make up the difference. That's why we need a more comprehensive approach such as Clinton proposes. Peterson agrees that health costs ought to be cut, but says he is "more than a bit skeptical" about the possibility of doing so.

What about the Social Security retirement system? "It's an outrage," Ross Perot liked to say in 1992, "that somebody like me is entitled to Social Security benefits from the government." Well actually, Ross, there aren't many billionaires like you. More to the point, Social Security is not a windfall to the wealthy, it is not out of control, and it is not contributing to the deficit.

From the mid-1970s to the early 1980s, Social Security benefits were growing rapidly as a share of the gross domestic product, due in large part to an error in the benefits calculation formula that was double-counting inflation for making cost-of-living adjustments. In 1977 and then in 1983, Congress increased payroll taxes and cut benefits to address the problem. Last year, Congress again effectively reduced benefits by making a larger portion subject to personal income taxes for better-off retirees (in the case of couples, primarily affecting those making more than \$60,000).

As a result, after peaking at 5.1 percent of GDP in 1983, Social Security retirement benefits have declined to about 4.6 percent of the GDP. They are expected to remain at that level for at least the next two decades as well.

Meanwhile, the increased payroll taxes have produced a large investment fund for the Social Security system, a fund that is now growing by \$70 billion a year. By the decade's end, it will be growing by \$100 billion a year. This investment fund has been lent to the Treasury, thereby reducing the apparent budget deficit by corresponding amounts. In other words, far from contributing to the budget deficit, the Social Security system's surplus has been reducing the government's consolidated deficit for the past decade, and should do so for at least the next 15 years.

Peterson acknowledges as much, but says he is concerned that the surplus will evaporate once baby boomers retire in large numbers—a scenario that is quite likely. After 2013, Social Security expenditures are projected to increase. By 2015, they should return to their 1983 level of 5.1 percent of GDP. Ten years later, they are expected to exceed 6 percent of GDP, after which they should stabilize. In other words, 30 years from now, Social Security may cost 1 percent more of the GDP than it did in 1983. That's not a problem to be sniffed at; 1 percent of the GDP is a lot of money. But to put that in perspective, health care outlays have been growing by one percent of GDP every 35 months since 1980.

As time goes by, it probably will be necessary to adjust Social Security benefits and taxes to keep the system working. But it's disingenuous for those who focus on budget-balance by the year 2000 to complain about the problems of Social Security two generations in the future. Social Security is the one government program (besides the IRS budget) that makes the current deficit smaller than it otherwise would be.

But shouldn't the rich still forfeit most or all of their Social Security benefits, merely on principle? The Concord Coalition has gotten a lot of mileage out of its revelation that in 1990 retired people with annual incomes of more than \$100,000 got \$8 billion in gross Social Security benefits. It may sound like a lot, but after taxes (under current tax law) that amounts to less than \$6 billion annually—about 2 percent of total benefits.

In fact, the number is so small it cannot provide the revenue Peterson says is needed. To slash Social Security and Medicare by a fifth to a quarter, as Peterson proposes, benefit reductions would affect more than just the affluent. Under the Peterson plan, benefit cuts would affect elderly couples making as little as \$12,200 a year and elderly singles making just \$7,100.

To be sure, under the Peterson plan those seniors making the most money would lose the largest percentage of their Social Security and Medicare benefits. The richest retirees would see their benefits cut by as much as 85 percent. But since benefits are a declining share of total income, rich retirees would lose a smaller share of total income than middle-income elderly people. Over the past decade, Congress has already reduced Social Security benefits by about a fifth for the wealthiest 10 percent of retirees, and by a third for those with the very highest retirement incomes.

But Congress made these changes primarily to assure the long-term financial viability of the Social Security system. It's a different story to propose benefits cuts to pay for general spending. The only reason the public tolerates a payroll tax capped at \$60,600 in wages is that Social Security is rather like a pension plan. What people get out of the system is loosely based on what they put in (although unlike private pensions, Social Security gives a much better return to lower-income workers than to those who contribute at the maximum.) Absent a need to shore up the Social Security system, any reduction in benefits should logically and morally be accompanied by a

reduction in payroll taxes.

In an Oct. 25, 1993 *New Republic* column praising parts of the Peterson plan, the usually estimable Michael Kinsley, echoing economist Milton Friedman, criticized Social Security for "transferring money from poorer people to richer ones." That's a harsh indictment, if true. But it's not. Despite the cap on taxable wages, the best-off fifth of all families (incomes above \$55,000) pays almost half the Social Security taxes. But the best-off fifth of Social Security recipients (incomes above \$39,000) gets only about 20 percent of the after-tax benefits. In other words, taxes paid by the better off cover not only retirement benefits for higher-income people but a large share of the benefits that go to lower-income people as well. That hardly looks like "redistributing income upward."

Pundits such as Kinsley like to point out that if one analyzes the Social Security tax and the Social Security retirement benefit structure in isolation from one another, each seems bad. The financing of social security—a capped payroll tax—is indeed regressive; the average retiree benefits are close to a flat \$8,000 a year (after-tax), regardless of income group. But put the two aspects together and you find a progressive retirement system that's lasted for more than half a century, and has dramatically reduced poverty among the elderly. FDR was right: structuring Social Security on a quasi-pension model has ensured its political longevity.

No doubt we could imagine a Social Security system that's even more progressive. If Social Security were like welfare, then the best-off fifth would pay about two-thirds of the taxes, but get none of the direct benefits. But would such an aggressively means-tested system really work? The poor political fortunes of welfare over the years suggest otherwise.

In theory we could take wealthier people out of the Social Security system entirely, on the ground that they don't need the government's help to plan for retirement. That would satisfy people like the Concord

Coalition who are scandalized that better-off retirees get Social Security checks. But Social Security would be in big trouble if it lost the wealthy's tax payments as a trade-off for cutting their benefits. Indeed, Social Security would be running far in the red, rather than enjoying a surplus. Were that the case, Peterson, Kinsley et al. could more reasonably blame Social Security for our budget deficit problem. Until then, we should respect Social Security as the very progressive retirement system that it is. If we want the wealthy to pay their fair share, there is a far better remedy than undermining Social Security. We can simply increase the progressivity of the tax system.

Beyond Regressive Reform

Unlike some of my friends, I don't begrudge Peterson's expression of concern about escalating budget deficits. As a matter of macroeconomics, one can debate what level of deficits and the ratio of debt to GDP are sustainable. With the 1993 budget accord, that ratio, which rose steadily during the Reagan-Bush years, is starting to come down. But the deficit is a problem because chronic structural deficits threaten the ability of the government to do its job. Devoting an ever larger percentage of the budget to debt service, as we saw over in the Reagan-Bush years, means less money to build roads, educate children, protect the poor, and all the other important tasks that only government can undertake well. President Clinton now finds there is little revenue available to spend on genuine public needs because of the deferred task of deficit reduction.

Those who complain about the supposed staggering growth of "entitlements" usually target Social Security simply because it's big. Shame on them. As noted, Social Security has actually declined as a share of GDP over the past decade; it is expected to remain stable for the next 15 years. Our real problem with entitlement spending, the one major area that has been growing rapidly, is health care. There, the solution is not to restrict entitlements, but

to reform the system once and for all by joining a new entitlement—universal health coverage—with comprehensive cost containment.

Whatever happens with health care, tax reform remains the most promising strategy of reducing the long-term budget deficit. With total U.S. taxes now the lowest in the industrialized world, certainly there is room for higher taxes here. But whose taxes?

Rather than repeating the "trickle-down" approach of the early 1980s, as Peterson proposes, we could increase revenues through further progressive tax reforms. Clinton's 1993 budget act took back about 43 percent of the tax cuts granted the wealthiest Americans in the late 1970s and early 1980s. It did so primarily by increasing the top marginal personal income tax rate to 39.6 percent. But there is still more to do.

Future efforts to improve tax fairness should focus on closing loopholes that allow some corporations and high-income people to avoid paying their fair share,

while harmfully distorting investment decisions. These are precisely the loopholes that Peterson either ignores or would expand in his proposed program.

Numerous economically sound, fair, and needed tax reforms are available. They range from restructuring the way we tax the profits of multinational corporations, to clamping down on corporate buying and selling of tax breaks, to closing loopholes for capital gains (rather than expanding them, as Peterson proposes). Changes such as these—a long list is available from Citizens for Tax Justice—could cut the deficit by huge amounts without crippling Social Security or loading new burdens on those least able to pay.

Deficits do matter, both to the economy and to the government's ability to respond to the needs of the nation. But "entitlements" are the wrong demon, and regressive solutions like Pete Peterson's fail the test of both fairness and economic soundness. He and his allies should stop pretending otherwise. ♦

Did President Clinton read Stephen Carter's latest book before nominating Judge Breyer?

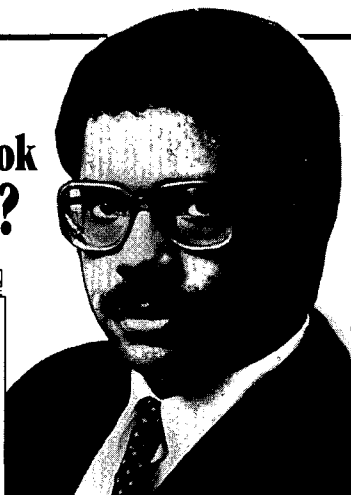
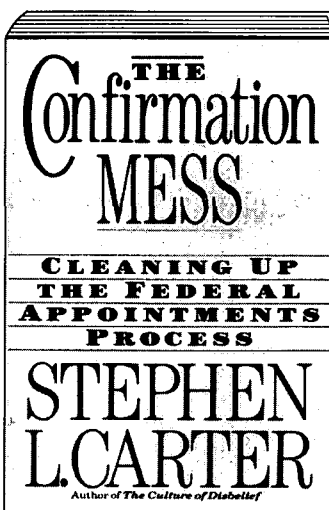
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Self-Fulfilling Prophets

Inflated Zeal at the Federal Reserve

James K. Galbraith

On February 4, 1994, Federal Reserve Chairman Alan Greenspan announced a quarter-point rise in federal funds rate, which is the overnight interbank lending rate and a basic instrument of monetary policy. It was the first of four interest rate hikes. By late May, the Federal Reserve had driven up short-term interest rates by a percentage point and a quarter.

From the beginning, things went badly. Contrary to Greenspan's professed purposes, long-term interest rates soared. Thirty-year fixed-rate home mortgage loans had been available at about 7 ¼ percent before the Federal Reserve acted. At this writing they are over 8 ½ percent. Some medium- and long-term rates actually rose by more than short rates at first: three-year notes jumped a full point and a half; 10-year bonds jumped a point and a quarter before the Board's fourth rate-hike, of a half-point, in May.

Four months later, many questions remain. Why did the Federal Reserve act? What went wrong? What can we do? In answering these questions, we will find a deep incoherence at the heart of Federal Reserve decision-making. The episode suggests a clear need, not just for policy change, but for institutional reform.

The Board's Self-Criticism

Neither economic theory nor history dictate that long-term interest rates necessarily rise when short rates rise. It depends on circumstances. In this case the Federal Reserve's own documents reveal how badly it misjudged what the real circumstances were.

On February 23, one of the Board's technical experts, Vincent Reinhart of the Division of Monetary Affairs, delivered a

memorandum to Donald Kohn, Director of the Division, that helps explain the misjudgment. Reinhart's retrospective memo distinguishes three hypothetical cases:

First case: "A tightening [of short-term rates] that whittles down inflationary expectations, say by convincing market participants that the central bank is willing to act on its distaste for inflation, will permit nominal rates to be lower in the future . . . The policy move might result in very little, if any, rise in long-term rates." This, more or less, was Greenspan's hope.

Second case: "Tightening that is deemed to be insufficient to trim future inflation, say because it was viewed as only keeping up with an inflation impetus, brings with it no expectation of lower future nominal rates. . . As a result, more of the increase in the short rate would pass through to the value

of long rates." This would have been an intermediate case, short of success, but better than failure.

Third (and relevant) case: "A tightening that raises inflation fears, say, because it was viewed as suggesting future, previously unexpected pressures on inflation that would only be incompletely offset by the policy action brings with it the expectation of higher future nominal interest rates. In such circumstances, the current short rate would be accompanied by an upwardly revised outlook for short rates over the long haul. . . . As a result, the increase in the short rate would have a magnified impact on long rates." This is what actually happened.

In other words, by the analysis of the Federal Reserve's own expert staff, the rise in long rates that followed suggests that the move on February 4 was a mistake. To be precise, it was neither necessary, because the inflation expectations with which it dealt did not exist beforehand; nor was it sufficient, because the move itself was too small to deal with whatever inflation expectations it itself created. Considering the source, this is a devastating indictment.

Thoughts of Chairman Greenspan

Why did the Federal Reserve take this action? Dutiful journalists reported that the policymaking Open Market Committee was out to sustain the recovery, to "engineer a soft landing," to "nip inflation expectations in the bud." Perhaps some members of the Committee actually believed this. But the record, notably the Federal Reserve's own official account of its policy, suggests that they had no serious basis for holding this or any similar view.

There is only one authoritative source: the semiannual Report of the Federal Reserve to Congress, mandated under the Humphrey-Hawkins Full Employment Act of 1978. Chairman Greenspan delivered such a report on February 22, 1994, nearly three weeks after the fateful February 4 rate increase. Yet this document conspicuously fails to justify the policy change on inflation-fighting grounds:

Greenspan's Point 1: There is no inflation problem. Greenspan begins by conceding that his previous fretting over inflation, expressed in his immediately preceding report in July of 1993, had proven unfounded: "On the inflation front, the deterioration evident in some indicators in the first half of 1993 proved transitory." Further, he reports, consumer price inflation in 1993 was the lowest since 1986. While falling oil prices contributed to this reduction, inflation was falling even excluding oil. What about commodity prices? Here Greenspan is explicit: commodity prices had "firmed" in the months before the February move. Yet "in the past such price data have often been an indication more of strength in new orders and activity than a precursor of rising inflation throughout the economy. In the current period, overall cost and price pressures still appear to remain damped." Greenspan goes on to note, correctly, that wage pressures remain absent—and wages are a far larger share of costs than commodity prices.

Greenspan's Point 2: Growth is not excessive. Greenspan discounts the concern that the economy is growing at a rate that poses inflationary risk. "It is too early to judge the degree of underlying economic strength in the early months of 1994." This cautious opinion was vindicated in late April, when preliminary first-quarter 1994 real GDP growth was shown to have sharply decelerated from the high growth rate at the end of 1993. Greenspan does note that "attempts to force-feed the economy past its potential have led in the past to rising inflation," which is true enough. But Greenspan does not suggest that the economy is presently at, or even near, its potential.

Greenspan's Point 3: Inflation expectations have been falling. Here Greenspan turns to an explicit consideration of inflation expectations and their role in the inflation process. But inflation expectations have not been rising, by his account. To the contrary, Greenspan finds that both fiscal and monetary policy "have contributed to the decline in inflation expectations in

recent years along with decreases in long-term interest rates." In particular, "the actions taken last year to reduce the federal budget deficit have been instrumental in this regard."

Why, then, raise interest rates? The key paragraph in Greenspan's testimony gives but one solid clue: "As the Federal Open Market Committee surveyed the evidence at its February 4 meeting, a consensus developed that the balance of risks had, in fact, shifted. . . . Real short rates close to zero appeared to pose an unacceptable risk of engendering future problems."

By "real short rates close to zero," Greenspan means the difference between a short-term interest rate such as the overnight federal funds rate, 3.0 percent on February 4, and the current rate of inflation, 1.9 percent for the three months ending January 1994. Since short-term rates are also what is now paid on very liquid bank deposits—the near-equivalent of cash—Greenspan's argument amounts to a call for a significantly positive real rate of return on money.

But there is a big problem with this argument: as a matter of history, it is untrue. Checking accounts and other cash equivalents earned no interest at all until the early 1970s—there simply was no return on money. Hence, for all of postwar history up to that point, the real short-term interest rate on such holdings—defined as the nominal interest minus inflation—was actually negative. It was zero minus the rate of inflation. Yet despite this, inflation remained quite low, by more recent standards, from 1947 through 1970. If we look at slightly less (but still very) liquid assets, such as loans in the overnight market for bank reserves (federal funds market), we find that real interest rates in this market averaged only 1.6 percent from 1960 to 1972. And with steady growth and high employment, the sixties were the best period of postwar macroeconomic performance.

In Search of Theory

Ah, but isn't it the Federal Reserve's responsibility to look ahead and prevent inflation before the symptoms appear? And can't we accept Alan Greenspan's argument that the moves in February and March represent low-cost insurance to stave off inflation? Hardly. To "look ahead" for inflation or anything else in economics, one needs a theory, something that will predict the inflation that the data does not yet reveal. And to know whether insurance is a good bargain, you need to know the risks. Yet the Federal Reserve itself rejects the only economic theory that predicts inflation now.

That theory is monetarism. Some monetarists, such as Professor Allan Meltzer of Carnegie-Mellon, have been calling loudly for tighter policy, on the claim that rapid growth in some measures of the money supply signals higher inflation. But the statistical record of this idea since 1983, when the Federal Reserve abandoned its last fling with monetarism, is extremely poor. Recognizing this, Greenspan's own testimony explicitly rejects monetarist arguments: "We will continue to monitor developments in money and credit, but in 1994 as in 1993 the FOMC [Federal Open Market Committee] is unlikely to be able to put a great deal of weight on the behavior of these aggregates [that is, the indicators of money supply] relative to their ranges." Any present confluence between monetarist theorizing and monetary policies is, we are told, accidental.

If he is not a monetarist, is Greenspan perhaps a closet Keynesian? Traditional Keynesians argue that inflation threatens when unemployment falls too low, when capacity limits are reached, or in some variations when economic growth is too rapid. But while Greenspan does carefully assess each of these threats, he then explicitly dismisses them—and rightly so. The data, showing unemployment at 6.5 percent, capacity utilization at 83.6 percent, and growth averaging perhaps 3 percent (the exceptional strength of the fourth

quarter of 1993 having faded), indicate that the economy remains below past inflation thresholds. Non-traditional Keynesians (such as myself) would also argue that severe competitive pressures on U.S. industries—rooted in rising trade with low-wage countries, a decline in labor standards, and fire sales of commodities from former communist countries—will keep a lid on inflation, even if employment levels rise. Thus Keynesianism cannot explain Greenspan's actions, any more than monetarism can.

Is Greenspan then a disciple of the hard-line "new classical economics"? Conservative commentators have long rumbled about the need for the Federal Reserve to adopt a zero inflation target—a "monetary rule," in effect, of tightening policy whenever the inflation rate is positive and political circumstances permit. Legislation imposing such a target, and thereby annulling the formal goal of "full employment" embodied in the 1978 Humphrey-Hawkins Act, has been proposed in Congress and has had supporters on the Open Market Committee. The idea is that the economy will fluctuate naturally around an equilibrium rate of unemployment, irrespective of policy; the Federal Reserve should concern itself only with stabilizing the price level, by taking a super-tough stance to subdue inflation expectations.

Again, the description doesn't quite fit. For one thing, the new classical theory has a monetarist core. In this line of argument, achieving price stability requires the Federal Reserve to focus on control of the money supply, which it is not doing. Moreover, if inflation expectations are rising, why would Greenspan explicitly state that they have been falling? There is no new classical coup at the Federal Reserve Board.

Is the Federal Reserve then reacting to the rising price of gold? This would make the Board into a neo-supply-side institution and a secret ally of Jude Wanniski, who has called (on the op-ed page of the *Wall Street Journal*) for tighter policies to stabilize the price of gold. Greenspan himself has an

embarrassing past as a gold bug, and his testimony nods in this direction, stating that the price of gold "has been especially sensitive to inflation concerns." But one subordinate clause seems a thin reed on which to base a theory of Federal Reserve action.

The most intriguing possibility—based on Greenspan's obscure reference to the "unacceptable risks" of low interest rates—is that he has embraced some antique theoretical ideas, traceable to the early twentieth century Swedish economist Knut Wicksell. These ideas, proposing a "natural interest rate," concern the relationship between the optimal rate of interest, the physical productivity of capital investment, and the rate of growth. According to this doctrine, interest rates should rise when they fall below the "natural" rate of return on capital, which in simple steady-state models is equal to the long-run sustainable real rate of economic growth. If this rate is, say, 2.5 percent, and inflation is 2 percent, then such a rule would indicate a target level of 4.5 percent for nominal interest rates.

A Reuters dispatch from early May lends some support for this view, noting that that Federal Reserve officials "want to shift monetary policy away from being accommodative . . . to a neutral stance that neither acts as a spur nor a drag on growth." Reuters quoted Federal Reserve Board Governor Lawrence Lindsey: "We're not quite in neutral. But we're substantially closer to it."

Lindsey and Greenspan may be using "neutral" where they mean "natural" in the Wicksell sense. The confusion of words could be an appeal to metaphor, namely to the neutrality achieved by shifting an automobile's engine out of gear, in order to explain this idea to the vulgar.

But even if we get the terminology straight, applying the doctrine of a natural interest rate presents three major problems. First, we have no measure of the natural real rate of return on capital (indeed, we have no coherent measure of the capital stock); the model only works in a highly simplified

theoretical setting. Second, the long-run sustainable rate of growth is only relevant after the economy is at full employment. So long as unemployment remains high, the economy can grow faster than its present rate, with lower interest rates helping it along. Hence, this theory does not suggest that the best interest rate now is higher than it was in January. Finally, this theory does not tell us why the short-term interest rate should be adjusted to the "natural" rate. To the contrary, it would seem that long-term bond rates are much more relevant to the problems that interested Wicksell, and real long-term rates remain extremely high.

John Maynard Keynes long ago summed up the arguments in this field:

I am now no longer of the opinion that the concept of the 'natural' rate of interest, which previously seemed to me a most promising idea, has anything very useful or significant to add to our analysis. It is merely the rate of interest which will preserve the status quo; and, in general, we have no predominant interest in the status quo as such.

Apparently, others have accepted that verdict. In the last 50 years natural interest rate theory has hardly developed; many textbooks don't even mention it. It would be amusing, but strange, if Greenspan and Lindsey were intent on reviving this archaic doctrine.

There is the possibility that Greenspan was acting to defend the dollar. Press reports suggest that Japanese money has been flowing out of foreign investments, which would weaken the dollar against the yen. Perhaps Greenspan felt higher interest rates would stop this trend. If true, this motivation has three problems. First, it's dumb, since raising U.S. interest rates can only deepen the financial crisis in Japan by drawing funds back out of Japan. Second, it won't work (and didn't: the dollar didn't stabilize). And third, it's a total secret so far as reporting to Congress and the public is concerned. The words "dollar," "international," and "Japan" do not appear in the

February Report, and the phrase "exchange rate" appears only once, unimportantly.

Can some non-economic, or at least non-macroeconomic, theory explain the rate hike? Perhaps Greenspan was trying to set a course towards tighter money policy before Clinton's two new appointees to the Board, Alan Blinder and Janet Yellen, come and try to stop him. Or perhaps Greenspan, alongside the overwhelming Republican majority on the Open Market Committee, has simply decided to torpedo the Clinton administration's economic recovery, and with it the immense progress made in 1993 in budget deficit reduction.

Each of these political motivations, if true, would constitute grounds for impeachment, not only for Greenspan but for all who voted with him on the Federal Reserve Board. It is not the Federal Reserve's job to regulate the outcome of elections. Of course, hard evidence on these questions is lacking and, in the final analysis, unlikely to surface.

One last possibility came to light when Greenspan returned to the Senate on May 27 to defend his policy. Perhaps he felt a need to pop a bubble in the stock and bond markets, and specifically to help drive stock and bond mutual fund investors back to the eroding deposit base of the commercial banks. Greenspan was astonishingly explicit about this to the Senate, stating that small investors had become accustomed to "an unsustainable combination of high returns and low volatility;" that they failed to appreciate the inherent risks of holding long-term assets. In reality, of course, these high returns were only unsustainable after February 4—because Federal Reserve policy had changed.

The crass clientelism of this motive gives it, one fears, the awful ring of truth. The high spreads between long and short rates in recent years have been a thinly disguised bailout for commercial bank profits. So why not now bail out commercial bank market share, by forcing small investors out of long-term investments and back to the security (and low-interest rates) of insured

bank deposits? The mind wrestles with the anti-social implications of this policy, as well as with the effrontery of admitting as much, even in obscure language, to the Senate. If a tie-dyed Marxist had made the accusation, few would believe it. Absent formal inquiry into the FOMC transcripts—which is called for—I have trouble believing, even now, that a bank bailout was a key motivation before the fact.

We are left, then, with the thought that the Federal Reserve Board does not know what it is doing. This is the “Wizard of Oz” theory, in which we pull away the curtains only to find an old man with a wrinkled face, playing with lights and loudspeakers.* Absent stronger evidence from Greenspan’s mouth or the Board’s files, I fear that this is the conclusion on which we must, for the moment, rest our case.

In this view, Federal Reserve policy reduces to a syllogism: “good” times are followed by bad times; therefore good times must be prevented.” An old chestnut attributed to William McChesney Martin, who was Federal Reserve Board Chairman in the 1960s, holds that the Federal Reserve’s job is to “take away the punchbowl just when the party gets going.” Has this feeble cliché, with its stupid implications, become the central basis on which monetary policy is now made?

* The parallel is not accidental, as scholarship has shown that “Oz” was a monetary parable. Specifically, the Emerald City was Washington (where greenbacks were made), the tin man (rusty solid) was a depressed industrial worker, the Scarecrow a depressed farmer, and Dorothy wore silver slippers on the yellow brick road. William Jennings Bryan is the Cowardly Lion; the wizard was the President, dispatched in the end in a hot air balloon. The parable was elucidated by Henry Littlefield, “The Wizard of Oz: A Parable of Populism,” in the *American Quarterly* of Spring, 1964. I am indebted to Lowell Dyson of the Economic Research Service, USDA, and to Jim Devine and Michael Genovese of Loyola Marymount College for posting information on the Internet on this topic.

A Breach of Faith

We arrive at the view that a group of nine men and one woman, nine Republicans and one Democrat, decided to raise interest rates because on balance they felt, for no particularly coherent reason, that raising interest rates was the thing to do. Should we, the public, the Congress, and the Administration, accept this?

Clearly not. The actions so far have not led to recession. But the costs are nevertheless substantial—a huge increase in the “interest tax” paid by consumers and businesses to their banks, as well as slower growth and higher joblessness.

To take a typical case—my own—a rise of 1.25 percentage points in the short-term interest rate will translate into an additional \$2,000 in interest payments, next year, on my \$160,000 adjustable-rate mortgage. This is a tax increase many times as great as last year’s increase in the income tax. And I am paying this tax to a private commercial bank whose shareholders are no doubt on average richer than myself.

For the Administration and Congress, there is another, equally serious consideration. With the public holding \$3 trillion of federal debt, each one-point increase in interest rates eventually imposes \$30 billion in net new annual interest costs on the budget, while slower growth cuts revenues and adds to spending for unemployment insurance and welfare. This is enough to upset, in a radical way, progress made toward lower budget deficits in 1993.

The 1994 Economic Report of the President, transmitted on the same day as the new Federal Reserve policy (February 4), reveals clearly how much the Clinton administration and Congress were relying on lower, not higher interest rates:

Long-term nominal and real interest rates dropped sharply in 1993. The decline in rates was closely linked to the proposal and enactment of the Administration’s budget . . . Lower Federal borrowing reduces interest rates

directly, by reducing demand for credit. [And] a more prudent fiscal policy reduces the likelihood that the Federal Reserve will need to pursue a restrictive monetary policy, and so reduces expected future short-term rates. (p. 35).

Later the report notes:

With a greatly improved outlook for the Federal budget deficit, the Council of Economic Advisers expects long-term interest rates to remain relatively low for the foreseeable future—which will help keep economic growth on track. Low interest rates are the key ingredient that should allow the economy to grow in the face of future large deficit reductions, which would otherwise tend to contract the economy. (p. 56)

Thus, higher interest rates cut twice against the administration's best hopes for sustained growth. They slow economic growth directly by deterring job creation, and they raise the deficit itself, which in turn increases political pressure for an even more contractionary fiscal policy.

Toward Accountability

In 1993, Alan Greenspan and the Federal Reserve Board encouraged deficit-cutting, leaving the impression that deficit reduction was the key to low interest rates. President Clinton repeatedly made the connection between the two. Members of Congress repeatedly justified tough votes on taxes and spending to their constituents in the same terms. Unfortunately, the administration did not obtain an explicit commitment that the Federal Reserve would reward progress on the budget deficit by maintaining low interest rates. The apparently coordinated economic policy of the administration and Congress with the Federal Reserve in 1993 has been rejected by the latter, without the consent of the former. The cumulative effect raises the deepest suspicions of bad faith on the part of the Federal Reserve Board.

The immediate problem is bad policy.

This Congress can change, if it chooses. The Federal Reserve is not, under the Constitution, a fourth branch of government. It is an agency created under the Constitutional provision that Congress has the power to "coin money and regulate the value thereof." Congress wrote the Federal Reserve Act, and can change it. It has already done so in a general (if ineffective) way, for example, by writing the objectives of "maximum employment, production and purchasing power" into the 1946 Employment Act and "full employment" alongside "reasonable price stability" into the 1978 Humphrey-Hawkins Full Employment and Balanced Growth Act.

To pass a law on current policy, however, would involve the President directly in monetary policymaking, and would thus end the independence of the central bank from the executive branch. It seems a draconian step to remedy a short-term problem of policy incoherence.

Alternatively, Congress could put a monetary directive into a concurrent resolution. Concurrent resolutions, such as the annual budget resolution, do not require the President's signature and thus lack the force of law. But past Federal Reserve chairmen have acknowledged that such resolutions are binding in effect, because the Federal Reserve Board is a creature of Congress.

In 1975, in House Concurrent Resolution 133, Congress directed the FRB to conduct policy "so as to lower long-term interest rates." At the end of 1982, Congress ordered that monetary policy "achieve and maintain a level of interest rates low enough to generate significant economic growth and thereby reduce the current intolerable level of unemployment."

Last April 28, 44 members of Congress wrote Chairman Greenspan asking that interest rates be raised no further. This request was ignored, and the time is ripe for stronger action. A directive ordering a gradual roll-back of interest rates—a shocking thought to many—is distinctly thinkable today.

Shedding Light

Over the long haul, it is neither practical nor wise for Congress to micro-manage monetary policy. Yet experience also tells us that the 19-year effort to impose rationality and coherence on the Federal Reserve solely through semi-annual reporting requirements has failed. It's time for something more effective.

One proposal, by Congressman Lee Hamilton and Senator Paul Sarbanes would abolish the Federal Open Market Committee. At present the FOMC is composed of the seven Federal Reserve Board members and a rotating group of regional Reserve Bank presidents. The Hamilton-Sarbanes plan would reconstitute the twelve regional Federal Reserve Bank Presidents as a non-voting Open Market Advisory Committee. Alternatively, Representative Henry Gonzalez proposes to make the heads of the regional banks Presidential appointees. Either measure would constitute an improvement over the present system. The Gonzalez proposal would also permit the President to bring gender and race diversity to the regional Federal Reserve bank presidencies for the first time. The antiquated structure of regional Federal Reserve banks (there are two in Missouri and one in California) as well as of the Open Market Committee (which gives preferred voting rights to New York, Chicago, and Cleveland over other districts) is also ripe for change. But these important reforms do not really address the basic issue of policy coherence.

What would help most would be an immediate end to the reign of secrecy in Federal Reserve decision-making. If we knew in detail and in real time how and why each member voted on each decision, we would not assure a coherent or rational result. But at least we would know the basis for monetary policymaking—if there is one. And we could take the next step, which is to evaluate the coherence of the Federal Reserve Board and Open Market Committee, now carefully shielded from public view.

In the one positive development this year, the Federal Reserve has itself stripped away all justifications for the deep secrecy surrounding its monetary policy decisions. Until February 4th, the Federal Open Market Committee indulged in a charade, whose only effect was to reduce the Federal Reserve's political visibility: The FOMC issued a policy directive, but released it to the public only six weeks later, after the subsequent FOMC meeting. Money markets, of course, could deduce the new policy within hours, from changes in the pattern of Federal Reserve operations. But the public and Congress had no official statement, and no explanation, on which to hang a discussion of the policy merits.

On February 4, and again in the following weeks, the FOMC dropped the charade. Greenspan simply announced that the federal funds rate would rise by a quarter-point—an immediate disclosure of the FOMC directive. What followed was exactly what advocates of immediate policy disclosure had long predicted. The federal funds rate adjusted, immediately, to the announced target. This happened before any open market operations were conducted. And the Federal Reserve had no difficulty maintaining the federal funds rate exactly where it wanted it, thereafter. This tells us that all previous arguments for secrecy surrounding the FOMC's directive were capacious, as critics had argued. Why not then take the next step, and open the FOMC meeting at which the directive is decided?

Those who defend FOMC secrecy cannot argue, as they have done up to now, that real-time public scrutiny of Federal Reserve decision-making would affect implementation of monetary policy. We have put that proposition to test, and found that monetary policy is easier to implement, and more effective, when the decision is publicly known. We are left only with arguments that somehow spontaneity, or something, would be lost if FOMC proceedings were public.

But if the Federal Reserve cannot give us a coherent account of its policies, why should we take it on faith that wonderful

things happen behind closed doors at its meetings? Members of Congress, particularly more senior members, have direct experience with moves toward greater openness, both in the reforms of 1975, which opened up the Committee processes, and in the creation of C-SPAN in the 1980s. Some congressmen cannot function without a script. Others function very well, and operate as comfortably in public view as behind closed doors, by mastering the details of the rules and of the legislation before them. Of the two types, which do you suppose is more effective and commands more respect?

Congress discovered that there was nothing, intelligence appropriations and a few other things excepted, in the making of public laws that could not be shown to the public. In the case of Federal Reserve monetary policy (bank regulatory matters are something else), there is even less to hide. Why are economic data, the runs of models, and the arguments of monetarists

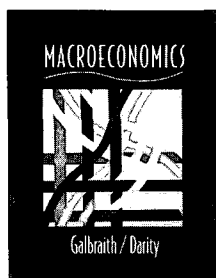
and Keynesians, considered a state secret?

President Clinton has recently appointed two first-rate economists to the Federal Reserve Board: Alan Blinder of his own Council of Economic Advisers and Janet Yellen of Berkeley. Neither would have any difficulty making a public case for a more rational, better defended policy. It would be interesting to see whether any of the old guard could effectively challenge this high-powered pair in a public setting. And it would be a shame if their voices were lost behind the veil of obscurity that now surrounds Federal Reserve decisions.

Congressman Gonzalez, chairman of the House Banking Committee, has suggested that a camera be placed in every Federal Open Market Committee meeting. Fed-SPAN—that's the ticket. Blinder and Yellen should team with Lindsey (no intellectual slouch, though conservative) and simply put this issue to the Board. If they won't, or if the Board won't go along, then let Congress do it for them.♦



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Seismic Stimulus

The California Quake's Creative Destruction

Peter Dreier and Richard Rothstein

In April 1993, Congress rejected President Clinton's proposal for \$16 billion of economic stimulus and public investment. Opponents attacked it as "pork barrel" politics, "tax-and-spend liberalism," and a budget-buster. Yet a year later, the same Congress easily passed a series of Clinton proposals to increase the fiscal deficit by spending \$9.5 billion on emergency assistance and public works for Southern California. The difference, of course, was the Los Angeles earthquake, an event that revealed a great deal about the nation's ideological fault lines.

The disaster that rocked Southern California in January was the costliest in U.S. history. Sixty-one people died. More than 9,000 were injured. The quake destroyed more than \$15 billion of property, including 21,000 housing units. It devastated highways in the nation's most auto-

dependent region. The federal government provided disaster relief for Southern California, duplicating and expanding actions it took after the Midwest, South Florida, and other regions were ravaged by natural disasters.

The infusion of funds demonstrated what a well-timed shock of public spending can do for a depressed economy. Ultimately, Southern California received many more dollars in public infrastructure funding than it would have obtained from its share of Clinton's 1993 stimulus proposal. Indeed, when emergency aid for last summer's mid-west floods is added, national deficit spending for disaster relief has, in the Clinton administration, actually exceeded the level proposed in the defeated April '93 package.

And it has worked. Less than six months after the earthquake, Southern California has finally joined the national economic recovery. Reeling from defense layoffs and

previously expected to endure another six months of recession, California is now experiencing economic growth and net job creation for the first time since 1990.

This turnaround is thick with irony. Loud calls for federal disaster assistance came from some of the very leaders who had most strongly opposed the stimulus package a year before. When that aid provided just the kind of economic spark promised in Clinton's stimulus package, for exactly the same reasons, these leaders didn't hesitate to claim a share of the credit—not only for rebuilding the region, but for jump-starting the economy as well.

California's rebound should serve as a reminder that public works spending and income redistribution are still excellent ways to revive investment, create jobs, and rekindle growth. If government can spend to repair highways and rebuild homes ruined by natural disasters, it can surely use

public outlays to remedy economic catastrophes caused by misguided policy.

City of Angels

Public facilities—highways, overpasses, bridges, schools, water and power systems—all suffered substantial damage in the quake. The region has more than 600 miles of freeways and one of the nation's worst public transit systems. Many of the Los Angeles Unified School District's 650 schools suffered damage; a few were beyond repair. The district (like other government agencies, without earthquake insurance) reported damage of \$500 million to \$700 million. Some families and neighborhoods will never completely recover. In addition to the lives lost, many families lost all their belongings. Some landlords decided not to rebuild; many others raised rents beyond the cost of repairs, exacerbating the region's housing crisis. Some businesses will not reopen. Many Los Angeles neighborhoods, particularly poor areas, remained scarred with the rubble four months after the earthquake.

The disaster brought out the worst and the best in Southern Californians. Within days, a few landlords jacked up rents while some stores engaged in price gouging. Outside one Home Depot outlet, scalpers sold \$6 flex pipes (for dislodged water heaters) for \$20. Despite Los Angeles' reputation as an atomized megalopolis, however, the earthquake also triggered an outpouring of communal feelings and self-help efforts. Neighbors who had barely known each other came to each others' aid. Churches, synagogues, and other organizations mobilized emergency shelters. Twenty months after the riots, the earthquake produced virtually no looting. Carpooling and mass transit ridership increased dramatically and remains higher than pre-quake levels. (Mass transit ridership in the San Francisco Bay Area is still 30 percent above levels prevailing before that city's 1989 earthquake disrupted traffic patterns.)

Within hours of the Los Angeles earthquake, President Clinton pledged

over \$1 billion in federal relief funds: some to provide emergency housing, and the rest to rebuild the region's bridges, highways, sewer systems, school buildings, and other public facilities. In addition, the government proposed to guarantee low interest loans to small businesses and homeowners who had to rebuild or restock. Clinton promised that if more money were needed, he would ask Congress to appropriate the emergency funds. He did. Federal aid soon spiraled to \$9.5 billion.

Federal relief efforts were remarkably efficient, particularly in light of the overwhelming demand for assistance and the potential for widespread panic. Within 24 hours of the earthquake, top officials from Housing and Urban Development (HUD), the Federal Emergency Management Agency (FEMA), the Department of Transportation (DOT), and other agencies were in Los Angeles assessing damage, distributing flyers, conducting community meetings to explain what assistance was available, and taking applications. With the help of local officials and volunteers, they set up shelters in school gymnasiums, churches, and recreation centers. Within days, federal agencies allocated thousands of emergency housing subsidies.

Staffers from federal agencies defied media stereotypes of government bureaucrats. They worked long hours, seven days a week, and bent rules and regulations—extending deadlines, for example, and applying with flexibility the requirement that only earthquake-related damage was eligible for assistance. Forms were translated into several languages and federal agencies made sure that their staffs spoke Spanish, Vietnamese, and other languages of polyglot Los Angeles.

The federal relief appropriation included more than \$1.65 billion from the DOT for restoration of federal highways. (Caltrans, the state's transportation agency, contributed additional funds.) In addition, FEMA's earthquake relief budget included \$1.43 billion to repair public buildings, \$325 million for water and power systems, \$200

million to repair local roads, and \$315 million to fix damaged mass transit facilities.

Streamlined procedures sped funds to California. Road repair contracts were let quickly. The Santa Monica Freeway, the region's most heavily travelled, was reconstructed by March, more than two months ahead of schedule. The Golden State Freeway, linking northern and southern California, reopened in May, also earlier than expected. Officials estimate that total reconstruction of the region's infrastructure will be completed in a year.

In addition to helping repair public works, federal relief officials received half a million applications from individuals and businesses, and approved more than \$1.4 billion in outlays by April. The Small Business Administration alone got 148,000 applications and funded 25,000 of them. FEMA took in 375,000 applicants for housing relief. It paid rent for 88,000 tenants and homeowners whose residences were uninhabitable and helped 149,000 homeowners to rebuild. HUD approved about 20,000 rent subsidies for low-income quake victims. Four months after the quake, requests still poured in: some victims filed late initial applications while others found additional damage to their homes or businesses.

Keynesian by Nature

Ordinarily, California business leaders are no friends of public investment or deficit spending. Like their counterparts across the country, the state's corporate community opposed Clinton's jobs plan and has been a foe of health care reform. Despite California's troubled economy, its corporate leaders (with the exception of major defense contractors hurt by military cutbacks) have long resisted Keynesian pump-priming to jump-start a recovery.

Around the country, the story has been the same. With his stimulus package, Clinton had hoped to create nearly a million public and private sector jobs, including summer employment for youths as well as "real jobs" in public works projects—repairing crumbling highways, rebuilding

bridges, fixing outdated sewer systems, improving school buildings, and restoring parks and playgrounds. But a Republican filibuster killed the idea.

The earthquake changed that—and fast. Initially, congressional Republicans, including some right-wing legislators from California, wanted to offset any earthquake aid dollar-for-dollar with cutbacks in other areas of the federal budget—just as mid-western Republicans made a pass at blocking flood-relief-sans-cuts last summer, before backing down or being outvoted. After the earthquake, California business leaders quickly squelched such notions. The California Business Roundtable, composed of CEOs of the state's largest corporations, organized a letter-writing campaign to the state's Congressional delegation, urging members to avoid raising the spending cut issue. "You may be under pressure to seek cuts in the current federal budget to offset the . . . relief package," wrote Richard Rosenberg of Bank of America. "Please let . . . the California delegation . . . stand firmly together on the relief package."

This business mobilization stifled any divisiveness over how a massive infusion of federal funds would increase the deficit or waste taxpayers' money. Most of California's congressional delegation (29 Democrats and 23 Republicans who rarely agree on anything), its two Democratic senators, Republican Governor Pete Wilson, and Los Angeles' Republican Mayor Richard Riordan called for massive federal aid to repair physical damage and relieve human suffering. Despite efforts by Senator Robert Dole to keep the issue alive, bipartisan pressure from California's delegation led Congress to exempt all but \$2.5 billion in earthquake-related appropriations from the balanced budget requirement that new expenditures be offset by other cuts.

Social Fault Lines

The earthquake also exacerbated social strains. It magnified conflicts over which immigrant quake victims qualified for what kind of aid. And it provoked the

authorities to engage in the absurd exercise of distinguishing between “deserving” quake victims and the “undeserving” victims of less dramatic catastrophes.

For several years, some California politicians have attempted, mostly unsuccessfully, to whip up resentment against illegal immigrants, particularly those from Mexico and Central America. But as the state’s economy worsened in the recession, Governor Wilson and leading Democrats joined this chorus, alleging that the swelling ranks of undocumented workers took jobs away from California citizens and diverted tight tax dollars to illegal immigrants served by the state’s schools, medical clinics, and welfare programs. Wilson, facing a tough reelection fight in November, proposed denying state health and education benefits to undocumented aliens and their children.

In the past, federal aid to victims of natural disasters was not contingent on citizenship or immigrant status. But Congressman Ron Packard, a Republican from Carlsbad, proposed an amendment to the earthquake relief bill banning disaster aid for undocumented immigrants. According to San Jose Democrat Don Edwards, a liberal and leader of the state’s delegation, if Packard’s amendment went to the House floor, “it would have passed 400 to 35.” So in a compromise, Packard’s proposal was changed to deny earthquake aid to undocumented residents after 90 days. HUD’s rent vouchers, good for up to 18 months for other quake victims, were cut off for illegal immigrants after three months.

FEMA officials announced that immigration officers would begin checking applications for housing assistance, threatening that illegal immigrants caught seeking aid for which they were ineligible would be prosecuted. It marked the first time Washington threatened illegal immigrants with fines and prison to discourage them from using government services. Relief workers said that the new requirements would frighten illegal immigrants from applying for any help.

The New and the Old Homeless

Prior to the earthquake, an estimated 60,000 homeless people lived in Los Angeles County, the region with the nation’s worst housing crisis. Los Angeles’ public housing agency had a waiting list of 20,000. About 130,000 were on waiting lists for Section 8 housing subsidies.

The disaster added another 25,000 to the ranks of the homeless. Although many earthquake victims were middle-class renters and homeowners from the hard-hit Santa Monica, Malibu, and San Fernando Valley areas, victims also included many marginally employed people, doubled-up in overcrowded apartments or converted garages, living on the edge without the safety nets of insurance, credit, or health care. For this group, homelessness might not be just a temporary inconvenience.

Two days after the quake, HUD Secretary Henry Cisneros, who spent considerable time in Los Angeles overseeing the relief effort, announced an unprecedented package of emergency housing aid to help low-income quake victims pay for most of their rent for up to 18 months instead of the previous two-month limit. But a feud erupted over whether people who were homeless before the quake were eligible for the assistance. Federal rules required applicants for emergency housing aid—including space in shelters as well as rent vouchers—to prove that their permanent residences were damaged by the temblor. At first, some aid workers ignored these regulations. But the Los Angeles news media then reported stories of quake victims’ complaints that some long-term homeless people were living in the new shelters—imagine that!—and applying for housing vouchers.

Faced with such challenges, federal officials tightened their screening. Shelters set up to aid earthquake victims refused to admit the long-term homeless. Families that had been on Section 8 waiting lists for years were denied housing vouchers unless they could prove that they had lost homes in the earthquake.

Stamping Out Food Stamp "Fraud"

The earthquake also produced food riots. Tired and hungry, people flooded county welfare offices within days of the disaster to obtain emergency federal food stamps. Most were forced to wait for hours. At the Panorama City office more than 2,000 people began showing up before dawn. County social service staffers worked out of a tent set up in the parking lot. By noon, they had processed 600 applicants, but there were still another 1,500 people in line.

At some offices, mistaken rumors spread that the program had run out of money. Tempers flared. Some applicants accused others of not being "legitimate" earthquake victims and thus not eligible for emergency food assistance. Some applicants complained that others were cutting in line. Police tried to break up arguments, but lacked sufficient staff. Although most people waited patiently, a few grew unruly, leading to several incidents of fighting.

Initially, county welfare officials did not carefully screen applicants, eschewing the strict eligibility and verification requirements used in the regular food stamp program. An official explained that their goal was to process requests and distribute food stamps quickly. For the emergency program, the department "only requires verification of identity and residence." But after media reports of "food stamp fraud," government officials cracked down. Hungry applicants who could not prove that they were quake victims, or, if legitimate victims, could not provide sufficient documentation of low income, were denied emergency food assistance.

Relief vs. Recovery?

In America's implicit ideology of public investment, there is a hierarchy of what is permissible. Massive investment in national defense—\$8 trillion over the life of the Cold War—is obviously tolerated. Defense spillovers that generate commercial technologies—jetliners, supercomputers—are

also permissible, as long as we avoid looking too closely at the ideological implications. During the height of the Cold War, conventional public works outlays such as the absurdly titled National Defense Highway Act (the interstate highway system) were also routinely packaged as national security outlays.

When it comes to responding to a natural disaster, public investment for roads, bridges, and damaged homes or businesses is likewise legitimate. Public subsidies to "deserving" victims is appropriate, too. But government aid to the "undeserving" poor is still controversial. And so, apparently, is routine public investment beyond the traditional (and dwindling) category of national security—although, as the *Wall Street Journal* recently reported, a 68 percent increase in federal outlays for prison construction and high-tech police equipment may become America's de facto conversion program. Crime fighting and incarceration may now become the latest exception to our public spending phobia.

According to neo-classical economic theory, public investment is likely to be less efficient than a comparable amount of private investment, because private markets know better than politicians where to put capital, and public investment must necessarily be financed either by inflationary deficits or reduced by private saving and investment. But as the post-quake mini-boom in Southern California illustrates, the real choice is whether some investment is better than none. Academic worries about the inefficiency of public outlay were nowhere to be heard when disaster struck.

Yet why should it take a natural disaster—a flood, a hurricane, or an earthquake—to justify a large-scale federal public works or emergency relief plan? Officials spend tax dollars to help those who lose homes or jobs in a natural disaster. But many of the same leaders have limitless objections to public investment or safety-net expenditures when a much larger num-

ber of people lose their homes or jobs as a result of such man-made disasters as cyclical downturns, changing priorities or misguided economic policy.

Why isn't 10 percent unemployment—9 million Americans officially jobless, with an additional 6 million forced to accept part time jobs or too discouraged to look actively for work—considered a sufficient emergency to warrant federal action? If it is sound public policy to provide federal relief to an earthquake victim, why isn't it also sound to provide relief to a family whose income has been lost to defense cutbacks? The prospect of 150,000 aerospace workers laid off in California should be ample reason for Washington to invest in civilian projects to employ the now-wasted talents of skilled engineers, technicians and production workers. If we expect Washington to help people made homeless by a flood, shouldn't we also expect Washington to help those made homeless when their employers pull up stakes to relocate in Third World countries?

Similarly, the reality of the crumbling and outdated rail, road, and water network ought to trigger a massive public works program similar to our earlier interstate highway and space efforts. Despite greater competitive challenges, we now spend less than half what we spent 30 years ago on public infrastructure. In the 1980s alone, vehicle miles traveled on the nation's highways increased by 38 percent; as a result, DOT estimates that by 2005, road deterioration will cause \$3.9 billion of vehicle delay annually—even without earthquakes. If it's legitimate for federal funds to rebuild a bridge that collapsed in an earthquake, shouldn't it also be legitimate to invest in mass transit so people can get to work in normal times? The Santa Monica Freeway section that crumbled in the earthquake had been scheduled for reinforcement the following month, after delays from lack of funds. If adequate public investment programs had been adopted earlier, reinforcements could already have been completed, avoiding needless disaster.

For the families of 1.5 million unemployed Californians who've been suffering from an economic earthquake for several years, the natural disaster may have provoked the government-sponsored stimulus which could have (and should have) been implemented much earlier. Most jobs created by the government's earthquake relief programs, like most jobs which would have been created by a stimulus program, are at private sector firms engaged either in rebuilding businesses or under contract to federal and state agencies. And when public investment puts money in the pockets of construction workers and engineers, they in turn spend paychecks on food, clothing, haircuts, entertainment, cars, furniture, and home repairs that put others back to work.

In the quake's immediate aftermath, conventional wisdom was that the region, suffering from defense cutbacks and riots, had now suffered another devastating economic blow. In fact, however, because of the stimulus of earthquake relief, the disaster was a boon for the regional economy. California gained 7,300 new jobs in January, 15,900 in February and 5,800 in March; this was the first consecutive three months of job growth since the recession began in 1990. Earthquake related counter-cyclical payments to Southern Californians will eventually total \$15 billion, including not only federal relief efforts but state aid and casualty insurance payments as well.

The ripple effects of earthquake recovery expenditures could eventually create several hundred thousand new jobs in the Los Angeles area. Rising incomes will generate new tax revenues to offset the temporary deficit created by this public expenditure—just as Clinton's public investment and stimulus program could have done many months before.

Of course, the earthquake will have negative effects, offsetting some of this stimulus. The region's recovery could be retarded by earthquake-related decisions of businesses fearing to locate in California, or by the flight of frightened Californians to

other states. Were it not for these incalculable factors, however, the economic impact of earthquake relief could be breathtaking.

The Business Forecasting Project of UCLA's School of Management is a widely respected group of analysts who publish quarterly projections of national and regional economic growth. Its April report announced that "the economic activity related to the earthquake will bring the recession to an end one quarter earlier than we had previously expected." The Forecasting Project then plugged the federal, state and insurance payments into its econometric model and, without accounting for the depressing effects of fear-induced business flight, reported:

... nonfarm employment in California would surge upward by over 400,000 jobs in the next year, with about 100,000 of those jobs in construction. The unemployment rate in California would drop by two full percentage points and in Los Angeles the rate of unemployment

would decline to a level of only 2.5 percent. As we have stated earlier, there is no precedence in any historical example for such a strong economic response to a national disaster.

This conclusion was so striking that even the UCLA modelers declined to endorse it. Instead, they discarded their computer projections and publicly announced a more conservative prediction (based on "historical analogies") that earthquake reconstruction would add only 20,000 new jobs in each quarter of the next year.

Even at the lower estimate of job creation, it is clear that the Los Angeles earthquake achieved what liberal economists, the unions, the mayors, and the White House could not—getting Congress to approve (at least for Southern California) large-scale public investment and income redistribution plans. But we can't keep depending on Mother Nature to push for activist government. That's the role of progressive politics. ♦

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Family Fractures

Should we—*can* we—do anything to discourage divorce and out-of-wedlock childbearing? Alternatively, should we accept the rise of single parenthood and minimize its harm to parents and children? Or can we change the debate from either/or and do some of both?

Few issues are as ideologically and culturally divisive as family policy. Throughout most of American history, the



structure of the family was not a political issue, at least not at the national level. Daniel Patrick Moynihan's 1965 report on the black family brought family structure into national politics. Since then, as single parenthood has increased, the issue has, so to speak, moved out of the ghetto and into the heartland. Today, it is hard to remember a time when motherhood was, well, a motherhood issue.

The three following articles bring into focus different aspects of the family structure debate. **Sara McLanahan** reports on a comprehensive sociological analysis of the consequences of single parenthood. **Arlene Skolnick** and **Stacey Rosencrantz** question the political and factual basis of the new crusade for the old family. **Richard Weissbourd** offers a view of how families pick up the pieces after divorce and how we might best protect the interests of children.

The Consequences of Single Motherhood

Sara S. McLanahan

In 1992, when Dan Quayle condemned the television character Murphy Brown for giving birth out of wedlock, he reopened an old debate that quickly became highly polarized. Some people claimed that growing up in a fatherless home was the major cause of child poverty, delinquency, and school failure, while others denied that single motherhood had any harmful effects. And some objected even to discussing the topic for fear of stigmatizing single mothers and their children.

Not talking about single motherhood is scarcely an option. More than half of the children born in 1994 will spend some or all of their childhood with only one parent, typically their mother. If current patterns hold, they will likely experience higher rates of poverty, school failure, and other problems as they grow up. The long-range consequences could have enormous implications.

But what exactly are the consequences—how large and concentrated among what groups? Do they depend on whether a single mother is widowed, divorced, or never married? Does public support for single mothers inadvertently increase the number of women who get divorced or choose to have a baby on their own?

Many people hold strong opinions about these issues. For example, conservatives such as former Education Secretary William Bennett and Charles Murray, the author of *Losing Ground*, believe that single motherhood is so harmful and public support is so significant an inducement for unwed women to have babies that it is time to get tough with the mothers. Murray has even proposed denying unwed mothers child support payments from nonresident fathers. In Murray's eyes, the mothers are fully responsible for any children they bear "in an age when contraceptives and abortion are freely available." Of the father Murray says: "As far as I can tell, he has approximately the same causal responsibility as a slice of chocolate cake has in determining whether a woman gains weight."

Meanwhile, some liberal critics see "single mother" as a codeword for

"black, welfare mother." They view the focus on out-of-wedlock births and family breakup as an effort to divert public attention and social policy from overcoming racism and lack of opportunity. And then there are the feminists who regard Quayle's attack on Murphy Brown as a symbolic attack on the moral right of women to pursue careers and raise children on their own. So great are the passions aroused by the debate over the morality of single motherhood that a clear-eyed view of the consequences of single motherhood has been difficult. But to make any progress, we had best know what those are.

Does Single Motherhood Harm Children?

Children who grow up with only one of their biological parents (nearly always the mother) are disadvantaged across a broad array of outcomes. As shown in the graph on page 50, they are twice as likely to drop out of high school, 2.5 times as likely to become teen mothers, and 1.4 times as likely to be idle—out of school and out of work—as children who grow up with both parents.

Children in one-parent families also

have lower grade point averages, lower college aspirations, and poorer attendance records. As adults, they have higher rates of divorce. These patterns persist even after adjusting for differences in race, parents' education, number of siblings, and residential location.

The evidence, however, does not show that family disruption is the principal cause of high school failure, poverty, and delinquency. While 19 percent of all children drop out of high school, the dropout rate for children in two-parent families is 13 percent. Thus, the dropout rate would be only 33 percent lower if all families had two parents and the children currently living with a single parent had the same dropout rates as children living with two parents—a highly improbable assumption.

The story is basically the same for the other measures of child well-being. If all children lived in two-parent families, teen motherhood and idleness would be less common, but the bulk of these problems would remain.

The consequences of family disruption are not necessarily the same in all kinds of families. Some might suppose family disruption to have a larger effect on black and Hispanic children since on average they come from less advantaged backgrounds and their underlying risk of dropping out, becoming a teen mother, and being out of work is greater than that of whites. Alternatively, others might expect the effect of family disruption to be smaller on minority children because single mothers in black and Hispanic communities are more common, more widely accepted, and therefore perhaps provided more support from neighbors and kin.

In our study, we found that family disruption has the most harmful effects among Hispanics and least among blacks. Family disruption increases the risk of school failure by 24 percentage points among Hispanics, 17 percentage points among whites, and 13 percentage points among blacks.

A striking result emerges from com-

A NOTE ABOUT THE DATA

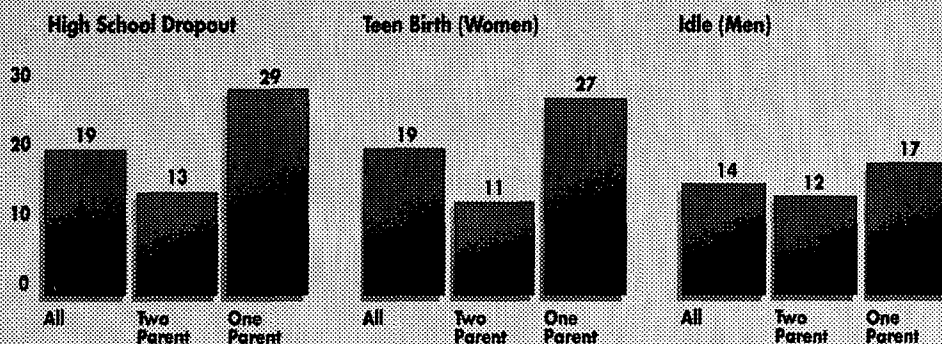
The estimates in the table on the next page are based on research that Sara McLanahan and her colleagues have been conducting for the past ten years. Unlike many other studies that focus on children of middle-class divorcing families, this research looks at children from a variety of racial and social class backgrounds. The data cover children born to unmarried parents as well as those born to married parents. Overall, McLanahan and her colleagues have examined six nationally representative data sets, containing over 25,000 children. Confidence in the major findings is strengthened because they hold up across a variety of surveys. Sara S. McLanahan and Gary Sandefur present the full evidence in a forthcoming book, *Growing Up With A Single Parent* (Harvard University Press).

parisons of the percentage increases in risk. Family disruption raises the risk of dropping out 150 percent for the average white child, 100 percent for the average Hispanic child, and 76 percent for the average black child. Consequently, the dropout rate for the average white child in a single-parent family is substantially higher than the dropout rate of the average black child in a two-parent family and only two percentage points lower than the dropout rate of the average black child in a one-parent family. Thus, for the average white child, family disruption appears to eliminate much of the advantage associated with being white.

Children from white middle-class families are not immune from the effects of family disruption. Consider the children of families where one parent has at least some college education. If the parents live apart, the probability that their children will drop out of high school rises by 11 percentage points. And for every child who actually drops out of school, there are likely to be three or four more whose performance is affected even though they manage to graduate.

College performance may also suffer. The college graduation rate for white children from advantaged backgrounds is

The Risk of Dropping Out of School, Teen Birth, and Idleness by Family Structure



	High School Dropout		Teen Birth (Women)		Idle (Men)	
	One Parent	Two Parent	One Parent	Two Parent	One Parent	Two Parent
Whites	11	28	8	22	10	13
Blacks	17	30	26	40	21	30
Hispanics	25	49	24	46	20	20

Note: Estimates are adjusted for race, parent's education, number of siblings, and place of residence. Sample is too small to estimate effects for hispanic children from advantaged backgrounds.

Source: National Longitudinal Survey of Youth.

about 9 percentage points lower among children of disrupted families than among children of two-parent families (53 percent versus 62 percent). At the other end of the continuum, children from disadvantaged backgrounds (neither parent graduated from high school) have a bleak future, regardless of whether they live with one or both parents.

Does Marriage Matter?

Some of the current debate presumes that being born to unmarried parents is more harmful than experiencing parents' divorce and that children of divorced parents do better if their mother remarries. Our evidence suggests otherwise.

Children born to unmarried parents are slightly more likely to drop out of school and become teen mothers than children born to married parents who divorce. But the difference is small compared to the difference between these two groups of children and children who grow up with both parents. What matters for children is not whether their parents are married when they are born, but whether their parents live together while the children are growing up.

Children who grow up with widowed mothers, in contrast, fare better than children in other types of single-parent families, especially on measures of educational achievement. Higher income (due in part to more generous social policies toward widows), lower parental conflict, and other differences might explain this apparent anomaly.

Remarriage is another instance where the conventional wisdom is wrong. Children of stepfamilies don't do better than children of mothers who never remarried. Despite significantly higher family income and the presence of two parents, the average child in a stepfamily has about the same chance of dropping out of high school as the average child in a one-parent family.

Some people believe that single fathers are better able to cope with family responsibilities because they have considerably more income, on average, than the mothers.

However, our evidence shows that children in single-father homes do just as poorly as children living with a single mother.

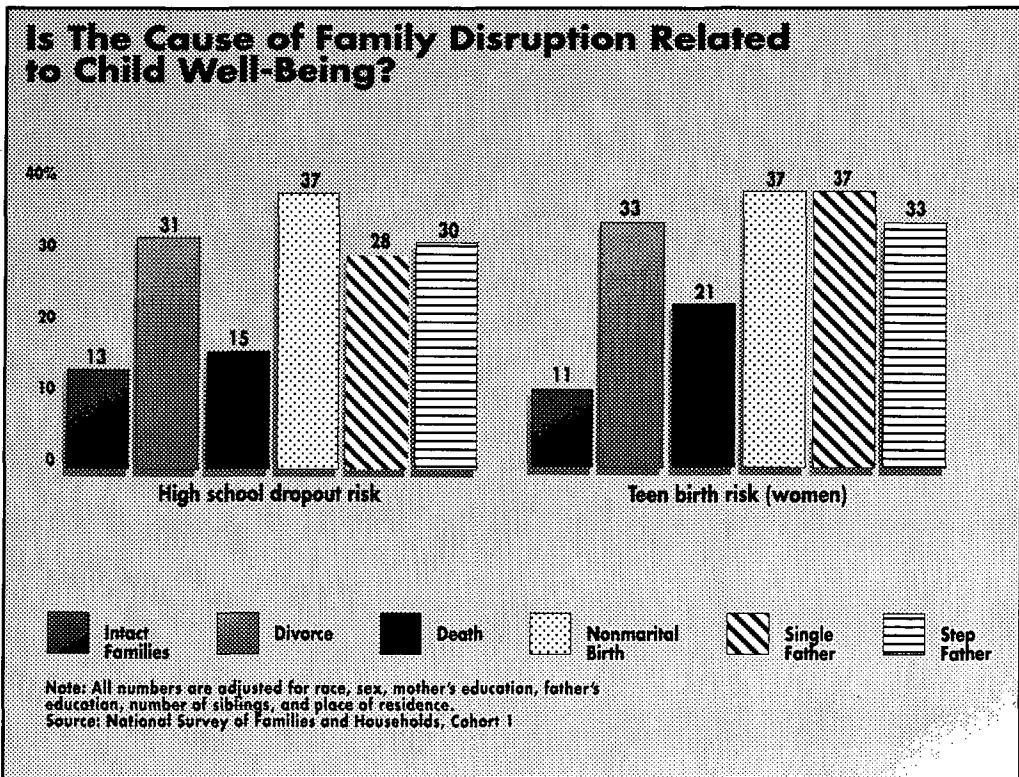
What Accounts for Poor Outcomes?

All of the numbers reported in the tables shown have been adjusted for differences in family background characteristics such as race, parents' education, family size, and place of residence. Thus the parents' socioeconomic status cannot explain why children from one-parent families are doing worse.

Unfortunately, we cannot rule out the possibility that the gap stems from some unmeasured difference between one- and two-parent families, such as alcoholism, child abuse, or parental indifference. Only a true experiment could prove that family disruption is really causing children to drop out of school—and no one is willing to assign kids randomly to families to answer these questions.

Nevertheless, it is clear that parental breakup reduces children's access to important economic, parental, and community resources. The loss of those resources affects cognitive development and future opportunities. Thus the evidence strongly suggests that family disruption plays a causal role in lowering children's well-being. When parents live apart, children have less income because the family loses economies of scale and many nonresident fathers fail to pay child support. The average drop in income for white children whose parents separate during the child's adolescence is about \$22,000 (in 1992 dollars)—a loss of 40 percent. For black children, the decline is smaller—about \$9,000, a loss of 32 percent. In contrast, when a parent dies, children do not generally experience a major change in their standard of living. Social Security and life insurance help to make up the difference.

Family disruption also reduces the time parents spend with children and the control they have over them. When parents live apart, children see their fathers a lot less. About 29 percent do not see them at all.



Another 35 percent see them only on a weekly basis. Mothers often find their authority undermined by the separation and consequently have more difficulty controlling their children. One survey asked high school students whether their parents helped them with their school work and supervised their social activities. Students whose parents separated between the sophomore and senior years reported a loss of involvement and supervision compared to students whose parents stayed together.

Family disruption also undermines children's access to community resources or what sociologist James Coleman calls social capital. Divorce and remarriage often precipitate moves out of a community, disrupting children's relationships with peers, teachers, and other adults. During middle childhood and early adolescence, a child in a stable family experiences, on average, 1.4 moves. The average child in a single-parent family experiences 2.7 moves; in a stepfamily, the average child experiences 3.4 moves.

The graph on page 53 ("Income and

Divorce") shows how the loss of economic resources can account for differences between children in one- and two-parent families. The first bar shows the baseline difference between children whose parents divorced during adolescence and children whose parents remained married. The second and third bars show the difference, after adjusting for pre- and post-divorce income (income at age 12 and 17). Loss of economic resources accounts for about 50 percent of the disadvantages associated with single parenthood. Too little parental supervision and involvement and greater residential mobility account for most of the rest.

Why Has Single Motherhood Increased?

Changes in children's living arrangements result from long-standing trends in marriage, divorce, and fertility. Divorce rates in the United States have been going up since the turn of the century and have recently stabilized at very high levels. Out-

of-wedlock birth rates have been going up gradually since at least the early 1940s. After 1960, the age of women at their first marriages began to rise, increasing the proportion of young women who might become unwed mothers. Together, these

forces have fueled the growth of single parenthood during the postwar period.

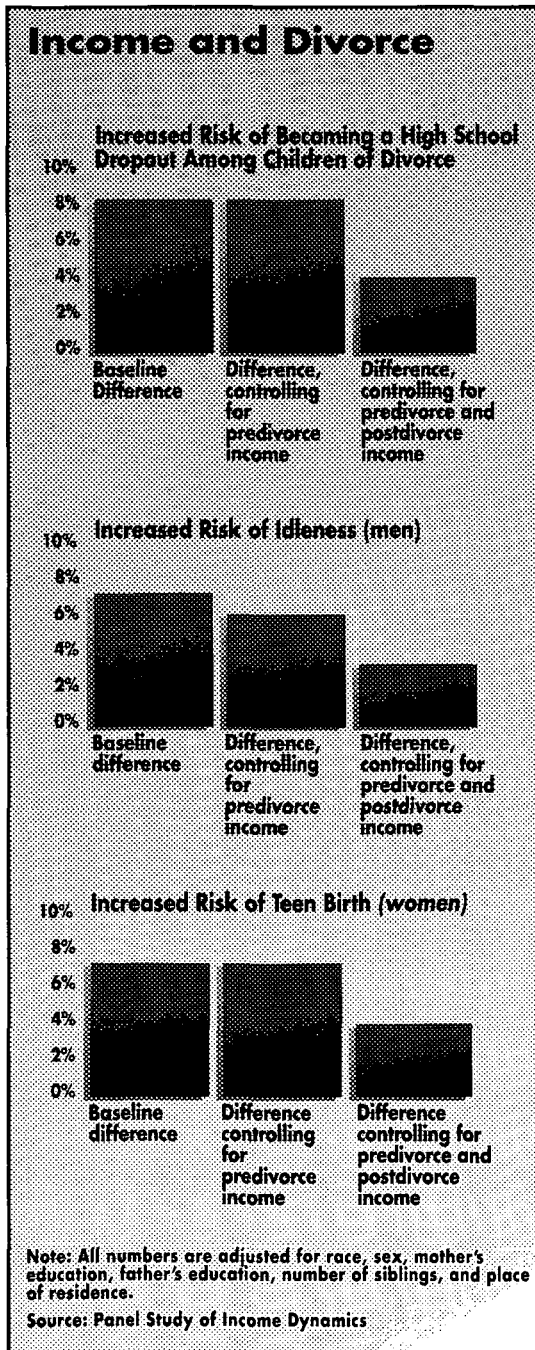
These trends exist in all western, industrialized countries. Divorce rates more than doubled in most countries between 1960 and 1990; in some they increased four-fold. Single parenthood also increased in nearly all western countries between 1970 and the late 1980s. Yet the U.S. has the highest prevalence of single-parent families, and it has experienced the largest increase between 1970 and 1990.

In the view of Murray and other conservatives, welfare benefits in the United States have reduced the costs of single motherhood and discouraged young men and women from marrying. In some parts of the country, welfare may provide poor women with more economic security than marriage does. However, for three reasons, the argument that welfare caused the growth in single-parent families does not withstand scrutiny.

■ The trend in welfare benefits between 1960 and 1990 does not match the trend in single motherhood. Welfare and single motherhood both increased dramatically during the 1960s and early 1970s. After 1974, however, welfare benefits declined, but single motherhood continued to rise. The real value of the welfare benefit package (cash assistance plus food stamps) for a family of four with no other income fell from \$10,133 in 1972 to \$8,374 in 1980 and to \$7,657 in 1992, a loss of 26 percent between 1972 and 1992 (in 1992 dollars).

■ Increases in welfare cannot explain why single motherhood grew among more advantaged women. Since 1960, divorce and single parenthood have grown among women with a college education, who are not likely to be motivated by the promise of a welfare check.

■ Welfare payments cannot explain why single motherhood is more common in the United States than in other industrialized countries. Nearly all the Western European countries have much more generous payments for single mothers than the U.S., yet the prevalence of single motherhood is



lower in these countries. One way to compare the "costs" of single motherhood in different countries is to compare the poverty rates of single mothers with those of married mothers. While single mothers have higher poverty rates than married mothers in all industrialized countries, they are worst off in the United States.

If welfare is not to blame, what is? Three factors seem to be primarily responsible.

The first is the growing economic independence of women. Women who can support themselves outside marriage can be picky about when and whom they marry. They can leave bad marriages and they can afford to bear and raise children on their own. Thus single mothers will be more common in a society where women are more economically independent, all else being equal.

American women have moved steadily toward economic independence throughout this century thanks to increased hourly wages, greater control over child-bearing, and technological advances that reduce time required for housework. Since the turn of the century, each new generation of young women has entered the labor force in greater proportions and stayed at work longer. By 1970, over half of all American women were employed or looking for work; by 1990, nearly three quarters were doing so. The rise in welfare benefits during the 1950s and 1960s may have made poor women less dependent on men by providing them with an alternative source of economic support. However, welfare was only a small part of a much larger change that was enabling all women, rich and poor alike, to live more easily without a husband.

A second factor in the growth of single motherhood is the decline in men's earning power relative to women's. After World War II and up through the early 1970s, both men and women benefitted from a strong economy. While women were becoming more self-sufficient during the 1950s and 1960s, men's wages and employment op-

portunities were increasing as well. Consequently, while more women could afford to live alone, the economic payoff from marriage continued to rise. After 1970, however, the gender gap in earnings (women's earnings divided by men's earnings) began to narrow. In 1970, female workers earned 59 percent as much as male workers; by 1980, they earned 65 percent as much and by 1990 74 percent. (These numbers, which come from a study by Suzanne Bianchi to be published by the Russell Sage Foundation, are based on full-time workers between the ages of 25 and 34.) In just two short decades, the economic payoff from marriage had declined by 15 percentage points. Such reductions are likely to increase single motherhood.

The narrowing of the wage gap occurred among adults from all social strata, but the source of the narrowing varied. Among those with a college education, men were doing well, but women were doing even better. Between 1980 and 1990, the earnings of college-educated women grew by 17 percent, while the earnings of college-educated men grew by only 5 percent. (Again, I am referring to full-time workers, aged 25 to 34). Thus, even though the benefits of marriage were declining, women still had much to gain from pooling resources with a man.

The story was much bleaker at the other end of the educational ladder. Between 1970 and 1990, women's earnings stagnated and men's earnings slumped. Between 1980 and 1990, women with a high school degree experienced a 2 percent decline in earnings, while men with similar education experienced a 13 percent decline. This absolute loss in earnings particularly discouraged marriage by some low-skilled men who were no longer able to fulfill their breadwinner role. During the Great Depression, fathers who could not find work sometimes deserted their families as a way of coping with their sense of failure. Again, welfare may have played a part in making single motherhood more attractive than marriage for women with the least skills and education, but only because low-skilled men were

having such a hard time and received so little help from government.

The third factor in the growth of single motherhood was a shift in social norms and values during the 1960s that reduced the stigma associated with divorce and non-marital childbearing. In the 1950s, if a young unmarried woman found herself pregnant, the father was expected to step forward and the couple was expected to marry. By the late 1980s, the revolution in sexual mores permitted young men and women to have intimate relationships and live together outside the bonds of legal marriage.

Attitudes toward individual freedom also changed during the 1960s. The new individualism encouraged people to put personal fulfillment above family responsibility, to expect more from their intimate relationships and marriages, and to leave "bad" marriages if their expectations were not fulfilled. In the early 1960s, over half of all women surveyed agreed that "when there are children in the family, parents should stay together even if they don't get along." By the 1980s, only 20 percent held this view. Once sex and childrearing were "liberated" from marriage and women could support themselves, two of the most important incentives for marriage were gone. When the economic gains from marriage declined in the 1970s, it's not surprising that declines in marriage rates soon followed.

Today, changes in social norms continue to influence the formation of families by making new generations of young adults less trustful of the institution of marriage. Many of the young people who are now having trouble finding and keeping a mate were born during the 1960s when divorce rates were rising. Many grew up in single-parent families or stepfamilies. Given their own family history, these young people may find it easier to leave a bad relationship and to raise a child alone than to make and keep a long-term commitment.

Compared to the conservative argument that welfare causes single parenthood, these changes provide a more comprehensive and

compelling explanation. They explain why single motherhood is more common in the United States than in other industrialized countries: American women are more economically independent than women in most other countries. For this reason alone, single-mother families should be more numerous in the U.S. In addition, low-skilled men in the U.S. are worse off relative to women than low-skilled men in other countries. American workers were the first to experience the economic dislocations brought about by deindustrialization and economic restructuring. Throughout the 1970s, unemployment rates were higher in the U.S. than in most of Europe, and wage rates fell more sharply here than elsewhere. During the 1980s, unemployment spread to other countries but with less dire consequences for men since unemployment benefits are more generous and coverage is more extensive.

What Should We Do?

Just as single motherhood has no single cause and no certain outcome, there is no simple solution or "quick fix" for the problems facing single mothers and their children. Strategies for helping these families, therefore, must include those aimed at preventing family breakup and sustaining family resources as well as those aimed at compensating children for the loss of parental time and income.

Preventing Family Breakup and Economic Insecurity. Parents contemplating divorce need to be informed about the risks to their children if their marriage breaks up. However, it is not clear we can prevent family breakups by making the divorce laws more restrictive, as William Galston, now deputy director of the White House Domestic Policy Council, advocates. Indeed, more restrictive divorce laws might have the opposite effect. Increasing numbers of young adults are living together and delaying marriage. Making divorce more difficult will only make marriage less attractive, relative to cohabitation.

A better way to encourage marriage is to

make sure that parents—especially poor parents—are not penalized when they do get married. Our current system of income transfers and taxation does just that.

Health care and child care are two areas in which poor two-parent families receive less government help than well-off two-parent families and impoverished single-parent families. Most middle- and upper-income families receive tax-subsidized health insurance through their employers, and all single-mother families receiving Aid to Families with Dependent Children (AFDC) are eligible for Medicaid. The most likely to be uninsured are the working poor. If some variant of President Clinton's proposal for universal coverage is adopted by Congress, this problem will be eliminated.

Similarly, middle-income and upper-income families can deduct child care expenses from their income taxes, while single mothers on welfare are eligible for government-subsidized child care. Poor and near poor two-parent families receive virtually nothing in the way of government-subsidized help with child care because they pay no taxes. As part of its welfare reform proposal, the Clinton administration plans to substantially increase child care subsidies to families with incomes less than 130 percent of the poverty line. If passed, this change would greatly improve the current system and help equalize child care benefits for poor one- and two-parent families.

As a result of Clinton's first budget, we now have a very good program, the Earned Income Tax Credit (EITC), for subsidizing the earnings of low-wage workers with children. As of 1996, a two-parent family with two children and income below \$28,000 will receive an additional 40 cents for every dollar earned up to a maximum of about \$3,400 per year, which will reduce poverty and economic insecurity in two-parent families. Unfortunately, however, the EITC is an earnings subsidy rather than an employment program. Thus, while it can increase the wages

of a poor working parent, it cannot help an unemployed parent find a job.

While the Clinton welfare reform proposal seeks to provide jobs (or workfare) for single mothers on welfare, it offers little support for employment and training for nonresident fathers and none for parents in two-parent families. By making welfare a precondition for obtaining a public job (or job training), even the reformed welfare system would maintain a bias against two-parent families. The only way to get around this problem is to guarantee a minimum wage job to all parents who are willing to work, regardless of whether they live with their children.

Increasing Economic Security for Single-Parent Families. Until recently, we have relied on judicial discretion and parental goodwill to enforce child support obligations. For children the consequences have been devastating. Through the law and other means, we must send an unequivocal message to nonresident fathers (or mothers) that they are expected to share their income with their children, regardless of whether they live with them. This means making sure that all children have a child support award (including children born outside marriage); that awards are adequate and indexed to changes in the nonresident parents' income; and that obligations are paid promptly.

The Family Support Act of 1988 was a giant step toward redressing the failures of our child support system. It required states to increase efforts to establish paternity at birth, to develop standards for setting and updating awards, and to create mechanisms for withholding child support obligations from nonresident parents' earnings. Yet many states have been slow to carry out the Family Support Act. According to recent reports, the gap between what fathers could pay and actually do pay is about \$34 billion. The Clinton administration has made child support enforcement a centerpiece of welfare reform. Besides streamlining procedures for identifying fathers and automatically withholding

payments from wages, it requires states to enforce child support obligations for all single mothers as opposed to welfare mothers only. This is an excellent move because it helps to prevent poverty in the first place.

Enforcing child support will not only increase the income of single mothers but also sends a strong message to men that if they father a child they become responsible for supporting that child for at least 18 years. This should make men more careful about engaging in unprotected sex and fathers more reluctant to divorce. My position is diametrically opposed to that of conservatives like Murray who argue that unwed mothers should get no support from the fathers of their children. Instead of getting tough on mothers, we should demand more of fathers. We have already tried tough love on the mothers: we cut welfare benefits by 26 percent between 1970 and 1990, and it didn't work.

Requiring men to bear as much responsibility as women for an "unwanted" pregnancy is not such a radical idea. In fact, it resembles the system that used to prevail in this country before the 1960s, when young men did share the "cost" of an unintended pregnancy: they were expected to marry. (The phrase "shotgun marriage" calls to mind a legendary threat the young woman's family might make.)

A stricter child support system has its risks. Some people argue that nonresident fathers often are abusive and that forcing these men to pay child support may endanger mothers and children. But most men do not fall into this category. A majority of children should not be deprived of child support because a minority of fathers threaten abuse. Rather, strong steps should be taken to protect single mothers and children from abusive fathers.

Other people object to enforcing child support for fear of overburdening poor fathers. While this problem has long been exaggerated—many fathers can afford to

provide much more child support than they now pay—it is true that some fathers do not pay because they are unemployed or their wages are so low they can barely cover their own expenses. To help them support their children, nonresident parents—like resident parents—should be guaranteed a minimum-wage job. Those who find a private sector job (or a public non-guaranteed job) should be eligible for the earned income tax credit, even if they are not living with their child.

Making nonresident fathers eligible for the EITC would require restructuring the program. Under the current rules, the benefits go to the household with the dependent child. Under a reformed system, the benefits would go to individuals, and both parents in a two-parent family would be eligible for a subsidy if their earnings were very low. This approach avoids penalizing poor parents who live together.

The Clinton welfare reform proposal is a first step in the right direction. It acknowledges that government must not only ask more of nonresident fathers but help those who are trying to "play by the rules." Just how much the government will spend on this part of the new program, however, is unclear.

Besides holding nonresident parents responsible for child support, resident parents should be responsible for raising their children and contributing to their economic support. Most single mothers are doing this already. Over 70 percent work at least part of the year, and over 25 percent work full-time, year round. These numbers are virtually identical to those for married mothers. Although most single mothers work outside the home, a substantial minority depend entirely on welfare for their economic support. And a small percentage remain on welfare for as long as 18 or 20 years. The Clinton welfare reform proposal requires mothers on welfare to seek employment after their child is one year old (and sooner in some cases), and it offers them extensive services to find and keep a job.

I agree with the general thrust of these proposals, at least in principle. Most married mothers prefer to work outside the home, and single mothers on welfare are likely to have the same aspirations. Over the long run, employment should increase a mother's earning power and self-esteem and make her less dependent on government.

My major concern about the new proposals is that they reduce the amount of time mothers spend with their children. The loss of parental time could mean less parental involvement and supervision. The result will depend on how many hours the mother works, whether children are placed in good day care and afterschool programs, and the net income of the family, after deducting for child care and other work expenses. If children have less time with their mothers and their families have no more income, they are likely to be worse off under the new system. If they have less time with their mothers but good child care and more income, they are likely to be better off.

The government should assure all children a minimum child support benefit, worth up to \$2,000 per year for one child, to be paid by either the father or the government (see Irwin Garfinkel, "Bringing Fathers Back In: The Child Support Assurance Strategy," *TAP*, Spring 1992). The benefit should be conditional on having a court-ordered child support award, so that single mothers have an incentive to obtain an award, and it should be implemented in conjunction with automatic wage withholding so that fathers cannot shirk their responsibility.

As yet, no state has carried out a guaranteed child support benefit. Such an experiment was nearly implemented in Wisconsin in the early 1980s but was aborted by a change in administration. New York State has been carrying out a version of the plan since 1989 with apparent success, but the program is limited to welfare-eligible mothers. The bipartisan National Commission on Children, headed by Senator Jay Rockefeller, recommended that the states experiment with a minimum child support benefit, and the Clinton welfare reform

proposal contains a similar provision.

Local governments and community organizations could also be doing more. For example, they could extend the school day or use school facilities to house extracurricular activities that would offset the loss of parental time and supervision. Mentor programs could also be used to connect children to the adult world.

All these recommendations are driven by three underlying principles. The first is that something must be done immediately to reduce the economic insecurity of children in single-parent families. Low income is the single most important factor in accounting for the lower achievement of these children. Raising income, therefore, should be a major priority. The federal government has demonstrated considerable success in reducing the economic insecurity of the elderly. There is no reason why we cannot do the same for the young.

A second principle is shared responsibility. The costs of raising children must be distributed more equally between men and women and between parents and non-parents. At present mothers bear a disproportionate share of the costs of raising children. Fairness demands that fathers and society at large assume more responsibility.

Third, and most important, programs for child care, health care, and income security should be universal—available to all children and all parents. The problems facing single parents are not very different from the problems facing all parents. They are just more obvious and pressing. Universal programs avoid the dilemma of how to help children in one-parent families without creating economic incentives in favor of one-parent families. Universal programs also reinforce the idea that single motherhood is a risk shared by a majority of the population. Growing up with a single parent is not something that happens to other people and other people's children. It is something that can happen to us and our children's children. ♦

and single motherhood. To change the cultural climate, they call for government and media campaigns like those that have discouraged smoking and drinking. They propose to make divorce harder or slower or even, as the late Christopher Lasch proposed, to outlaw divorce by parents with minor children. And some have also advocated restricting welfare benefits for unmarried mothers or eliminating benefits entirely for mothers who have an additional out-of-wedlock child.

Focusing attention on the needs and problems of families raising children could be enormously positive. But the current

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crusade draws on the family values scripts of the 1980s, posing the issue in a divisive way (are you against the two-parent family?) and painting critics into an anti-family corner. Restricting legal channels for divorce, cutting off welfare to unmarried mothers, and restoring the old censorious attitudes toward single parenthood may harm many children and deepen the very social ills we are trying to remedy.

There's nothing new in blaming social problems on "the breakdown of the family" or in making the "fallen woman" and her bastard child into objects of scorn and pity. Throughout our history, public policies made divorce difficult to obtain and penalized unwed parents and often their children. In the 1960s and 1970s, however, public opinion turned more tolerant and legal systems throughout the West became unwilling to brand some children as "illegitimate" and deprive them of rights due others. Now we are being told that this new tolerance was a mistake.

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mitted to greater equality between women and men, are deeply uneasy about recent family changes and worried about crime and violence. The new case for the old family owes much of its persuasive power to the authority of social science. "The evidence is in," declares Barbara Dafoe Whitehead, author of a much-discussed article, "Dan Quayle Was Right," which appeared in the April 1993 *Atlantic Monthly*. Divorce and single-parent families, Whitehead argues, are damaging both children and the social fabric. Another family restorationist, Karl Zinsmeister, a fellow at the American Enterprise Institute, refers to "a mountain of evidence" showing that children of divorce end up intellectually, physically, and emotionally scarred for life.

Despite these strong claims of scientific backing, the research literature is far more complicated than the family restorationists have let on. Whitehead says, "The debate about family structure is not simply about the social-scientific evidence. It is also a debate over deeply held and often conflicting values." Unfortunately, the family restorationists' values have colored their reading of the evidence.

Few would deny that the divorce of one's parents is a painful experience and that children blessed with two "good enough" parents generally have an easier time growing up than others. Raising a child from infancy to successful adulthood can be a daunting task even for two people. But to decide what policies would improve children's lives, we need to answer a number of prior questions:

- Are children who grow up in a one-parent home markedly worse off than those who live with both parents?

- If such children are so disadvantaged, is the source of their problems family structure or some other factor that may have existed earlier or be associated with it?

- How effectively can public policy promote a particular form of family and discourage others? Will policies intended to stigmatize and reduce or prevent single parenthood cause unin-

The New Crusade for the Old Family

Arlene Skolnick and Stacey Rosencrantz

What is the root cause in America of poverty, crime, drug abuse, gang warfare, urban decay, and failing schools? According to op-ed pundits, Sunday talking heads, radio call-in shows, and politicians in both parties, the answer is the growing number of children being raised by single parents, especially by mothers who never married in the first place. Restore family values and the two-parent family, and America's social problems will be substantially solved.

By the close of the 1992 presidential campaign, the war over family values seemed to fade. Dan Quayle's attack on Murphy Brown's single motherhood stirred more ridicule on late night talk shows than moral panic. The public clearly preferred Bill Clinton's focus on the economy and his more inclusive version of the family theme: "family values" means "valuing families," no matter what their form—traditional, extended, two-parent, one-parent.

Yet Clinton's victory was quickly followed by a new bipartisan crusade to restore the two-parent family by discouraging divorce as well as out-of-wedlock childbearing. The conservative right has for years equated family values with the traditional image of the nuclear family. The new crusade drew people from across the spectrum—Democrats as well as Republicans, conservatives, liberals, and communitarians. Eventually, even President Clinton joined in, remarking that he had reread Quayle's speech and "found a lot of good things in it."

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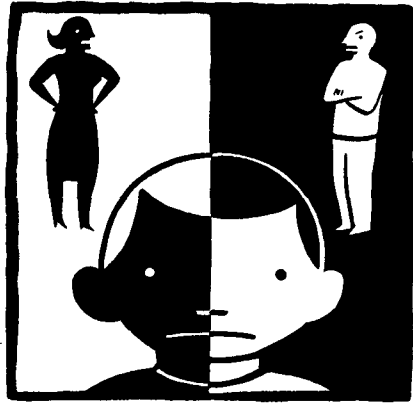
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to children's well-being? Would positive measures to help single-parent families or reduce the stress that accompanies marital disruption be of more benefit to children?

Finally, is there a direct link, as so many believe, between family structure and what a *Newsweek* writer calls a "nauseating buffet" of social pathologies, especially crime, violence, and drugs? In his *Murphy Brown* speech, given in the wake of the Los Angeles riots, Quayle argued that it wasn't poverty but a "poverty of values" that had led to family breakdown, which in turn caused the violence. The one sentence about *Murphy Brown* in the speech—borrowed incidentally from an op-ed by Whitehead—overshadowed the rest of the message. Charles Murray was more successful at linking family values with fear of crime. In a *Wall Street Journal* article, he warned that because of rising white illegitimacy rates, a "coming white underclass" was going to engulf the rest of society in the kind of anarchy found in the inner cities. But what is the evidence for this incendiary claim? And why do countries with similar trends in family structure not suffer from the social deterioration that plagues us?

The family restorationists do not provide clear answers to these questions. And the answers found in the research literature do not support their extreme statements about the consequences of family structure or some of the drastic policies they propose to change it.

Of course, it's always possible to raise methodological questions about a line of research or to interpret findings in more ways than one. The perfect study, like the perfect crime, is an elusive goal. But some of the family restorationists seem to misunderstand the social science enterprise in ways that seriously undermine their conclusions. For example, they trumpet find-



ings about correlations between family structure and poverty, or lower academic achievement, or behavior problems, as proof of their arguments. Doing so, however, ignores the principle taught in elementary statistics that correlation does not prove causation.

For example, suppose we find that increased ice cream consumption is correlated with increases in drownings. The cause, of course, has nothing to do with ice cream but everything to do with the weather: people swim more and eat more ice cream in the summer. Similarly, single parenthood may be correlated with many problems affecting children, but the causes may lie elsewhere—for example, in economic and emotional problems affecting parents that lead to difficulties raising children and greater chances of divorce. Making it hard for such parents to divorce may no more improve the children's lives than banning ice cream would reduce drowning. Also, causation can and often does go in two directions. Poor women are more likely to have out-of-wedlock babies—this is one of the oldest correlates of poverty—but raising the child may impede them from escaping poverty. In short, finding a correlation between two variables

is only a starting point for further analysis.

The social science research itself is also plagued by methodological problems. Most available studies of divorce, for example, are based on well-educated white families; some are based on families who have sought clinical help or become embroiled in legal conflict. Such families may hardly be representative. Comparing one study with one another is notoriously difficult because they use different measures to assess children of different ages after differing periods have elapsed since the divorce. Some studies, such as Judith Wallerstein's widely cited work on the harm of divorce reported in the 1989 book *Second Chances* by Wallerstein and Sandra Blakeslee, use no comparison groups at all. Others compare divorced families with intact families—both happy and unhappy—when a more appropriate comparison would be with couples that are unhappily married.

In addition, the family restorationists and some researchers lump together children of divorce and children whose parents never married. Yet never-married mothers are generally younger, poorer, and less educated than divorced mothers. And by some measures children living with never-married mothers are worse off than those living in divorced families.

The restorationists paint a far darker and more simplistic picture of the impact of divorce on children than does the research literature. Researchers agree that around the time their parents separate almost all children go through a period of distress. Within two or three years, most have recovered. The great majority of children of divorce do not appear to be impaired in their development. While some children do suffer lasting harm, the family restorationists exaggerate the extent and prevalence of long-term effects. For example, they may state that children of divorce face twice or three times the psychological risk of children in intact families. But the doubling of a risk may

mean an increase from 2 to 4 percent, 10 to 20 percent, or from 30 to 60 percent. The effects of divorce tend to be in the smaller range.

In fact, a meta-analysis of divorce findings published in 1991 in the *Psychological Bulletin* reported very small differences between children from divorced and intact families in such measures of well-being as school achievement, psychological adjustment, self concept, and relations with parents and peers. (A "meta-analysis" combines data from separate studies into larger samples to make the findings more reliable.) Further, the more methodologically sophisticated studies—that is, those that controlled for other variables such as income and parental conflict—reported the smallest differences.

In general, researchers who interview or observe children of divorce report more findings of distress than those who use data from large sample surveys. Yet even in the clinical studies the majority of children develop normally. One point that researchers agree on is that children vary greatly in response to divorce, depending on their circumstances, age, and psychological traits and temperament.

Where differences between children of divorce and those in stable two-parent families show up, they may be due, not to the divorce itself, but to circumstances before, during, and after the legal undoing of the marital bond. Most researchers now view divorce not as a single event but as an unfolding process. The child will usually endure parental conflict, estrangement, and emotional upset, separation from one parent, and economic deprivation. Often divorce means moving away from home, neighborhood, and school. Particular children may go through more or fewer such jolts than others.

Researchers have known for some time that children from intact homes with high conflict between the parents often have similar or even worse problems than children of divorced parents. Recent studies in this country as well as in Australia and

Sweden confirm that marital discord between the parents is a major influence on children's well-being, whether or not a divorce occurs.

Some of the family restorationists recognize that children in high-conflict families might be better off if their parents divorced than if they stayed together. They want to discourage or limit divorce by parents who are simply bored or unfulfilled. But how should we draw the line between unfulfilling and conflict-ridden marriages? And who should do the drawing?

High-conflict marriages are not necessarily violent or even dramatically quarrelsome like the couple in Edward Albee's *Who's Afraid of Virginia Woolf?*. One major recent study operationally defined a high-conflict family as one in which a spouse said the marriage was "not too happy" or the couple had arguments about five out of nine topics, including money, sex, chores, and in-laws. A number of recent studies do show that even moderate levels of marital dissatisfaction can have a detrimental effect on the quality of parenting.

The most critical factor in a child's well-being in any form of family is a close, nurturant relationship with at least one parent. For most children of divorce, this means the mother. Her ability to function as parent is in turn influenced by her physical and psychological well-being. Depression, anger, or stress can make a mother irritable, inconsistent, and in general less able to cope with her children and their problems, whether or not marital difficulties lead to divorce.

Until recently, the typical study of children of divorce began after the separation took place. However, two important studies—one directed by Jack Block and another by Andrew Cherlin—examined data on children long before their parents divorced. These studies found that child problems usually attributed to the divorce could be seen months and even years earlier. Usually, these results are assumed to reflect the impact of family conflict on children. But in a recent book analyzing

divorce trends around world, William J. Goode offers another possibility:

... the research not only shows that many of the so-called effects of divorce were present before the marriage, but suggests an even more radical hypothesis: in at least a sizeable number of families the problems that children generate may create parental conflict and thereby increase the likelihood of divorce.

The problems of never-married single mothers and their children set off some of today's hottest buttons—sex, gender, race, and welfare. Dan Quayle's attack on Murphy Brown confused the issue. It is true that more single, educated, middle-class women are having children. The rate nearly tripled in the last decade among women in professional or managerial occupations. But despite this increase, only 8 percent of professional-status women are never-married, Murphy Brown mothers. Out-of-wedlock births continue to be far more prevalent among the less educated, the poor, and racial minorities.

Most people take the correlation between single parenthood and poverty as proof of a causal relation between the two. But the story is more complex. In his book *America's Children*, Donald Hernandez of the Census Bureau shows that if we take into account the income of fathers in divorced and unwed families, the increase in single mothers since 1959 probably accounts for only 2 to 4 percentage points of today's childhood poverty rates. As Kristen Luker has pointed out in these pages ("Dubious Conceptions: The Controversy Over Teen Pregnancy," *TAP*, No. 5, Spring 1991), the assumption that early childbearing causes poverty and school dropouts is backward; these conditions are as much cause as effect.

Elijah Anderson, Linda Burton, William Julius Wilson, and other urban sociologists have shown the causal connections linking economic conditions and racial stigma with

out-of-wedlock births and the prevalence of single-mother families in the inner cities. Cut off from the rest of society, with little or no hope of stable, family-supporting jobs, young men prove their manhood through an "oppositional culture" based on machismo and sexual prowess. Young women, with little hope of either a husband or economic independence, drift into early sexual relationships, pregnancy, and childbirth.

Middle-class families have also been shaken by economic change. The family restorationists, however, have little to say about the impact of economic forces on families. In her *Atlantic* article, Whitehead mentions—almost as an afterthought—that the loss of good jobs has deprived high school graduates across the country as well as inner-city young people of the ability to support families. "Improving job opportunities for young men," she writes, "would enhance their ability and presumably their willingness to form lasting marriages." Yet these considerations do not affect the main thrust of her arguments supporting Quayle's contention that the poor suffer from a "poverty of values."

There is no shortage of evidence on the impact of economic hardship on families. The studies of ghetto problems have their counterparts in a spate of recent books about other groups.* Much quantitative research reinforces these analyses. As Glen Elder and others have found, using data from the Great Depression to the 1980s, economic conditions such as unemployment are linked to children's problems through their parent's emotional states. Economic stress often leads to depression

and demoralization, which in turn lead to marital conflict and such problems in child-raising as harsh discipline, angry outbursts, and rejection. Child abuse and neglect as well as alcoholism and drug use increase with economic stress.

New research has confirmed earlier findings that poverty and inadequate income are major threats to children's well-being and development. Poverty has a deep impact because it affects not only the parent's psychological functioning but is linked to poor health and nutrition in parents and children, impaired readiness for education, bad housing, the stress of dangerous neighborhoods, and poor schools as well as the stigma of being poor. One recent study comparing black and white children across income levels found that family income and poverty were powerful determinants of children's cognitive development and behavior, controlling for other differences such as family structure and maternal schooling.

Child poverty in the United States, as the family restorationists point out, is higher than it was two decades ago among whites as well as blacks. It is also much higher in the United States than in other Western countries. But it is not an unalterable fact of nature that children born to single mothers have to grow up in poverty. Whereas our policies express disapproval of the parents, the policies of other Western countries support the well-being of the children.

The family structure debate raises larger questions about the changes in family, gender, and sexuality in the past three decades—what to think about them, what language to use in talking about them. The language of moral decay will not suffice. Many of the nation's churches and synagogues are rethinking ancient habits and codes to accommodate new conceptions of women's equality and new versions of morality and responsibility in an age of sexual relationships outside of marriage and between partners of the same gender.

* John E. Schwarz and Thomas J. Volgy's *The Forgotten Americans* portrays the fast growing population of working poor, people who "play by the rules" but remain below the poverty line. Lillian Rubin's *Families on the Fault Line* documents the impact on working-class families of the decline of well-paying manufacturing jobs. Katherine Newman's ethnographic studies, *Falling from Grace* and *Declining Fortunes*, document the effects of downward mobility in middle-class families.

The nation as a whole is long overdue for a serious discussion of the upheaval in American family life since the 1960s and how to mitigate its social and personal costs, especially to children. The point of reference should not be the lost family of a mythical past conjured up by our nostalgic yearnings but the more realistic vision offered by the rich body of historical scholarship since the 1970s. From the beginning, American families have been diverse, on-the-go, buffeted by social and economic change. The gap between family values and actual behavior has always been wide.

Such a discussion should also reflect an awareness that the family trends we have experienced over the past three decades are not unique. Every other Western country has experienced similar changes in women's roles and family structure. The trends are rooted in the development of the advanced industrial societies. As Andrew Cherlin puts it, "We can no more keep wives at home or slash the divorce rate than we can shut down our cities and send everyone back to the farm."

However, our response to family change has been unique. No other country has experienced anything like the cultural warfare that has made the family one of the most explosive issues in American society. Most other countries, including our cultural sibling Canada, have adapted pragmatically to change and developed policies in support of working parents, single-parent families, and all families raising children. Teenagers in these countries have fewer abortions and out-of-wedlock births, not because they have less sex, but because sex education and contraceptives are widely available.

Sooner or later, we are going to have to let go of the fantasy that we can restore the family of the 1950s. Given the cultural shocks of the past three decades and the quiet depression we have endured since the mid-1970s, it's little wonder that we have been enveloped by a haze of nostalgia. Yet the family patterns of

the 1950s Americans now take as the standard for judging family normality were actually a deviation from long-term trends. Since the nineteenth century, the age at marriage, divorce rate, and women's labor force participation had been rising. In the 1950s however, the age of marriage declined, the divorce rate leveled off, the proportion of the population married reached a new high, and the American birth rate approached that of India. After the 1950s, the long-term historical trends resumed.

Most of us would not want to reverse all the trends that have helped to transform family life—declining mortality rates, rising educational levels for both men and women, reliable contraception, and greater opportunities for women. Barring a major cataclysm, the changes in family life are now too deeply woven into American lives to be reversed by "just say no" campaigns or even by the kinds of changes in divorce and welfare laws that the restorationists propose.

The task is to buffer children and families from the effects of these trends. Arguing for systematic economic reform in *Mother Jones*, John Judis writes that between the new economic realities and the kinds of broad measures needed to address them, there is "a yawning gulf of politics and ideology into which even the most well-meaning and intelligently conceived policy can tumble." A similar gulf lies between the new realities of American family life and the policies needed to address them.

Yet the potential for ameliorative reform may be greater than it now appears. As E.J. Dionne has pointed out, the debate is more polarized than the public. The 1992 Democratic convention showed how an inclusive pro-family message could be articulated and combined with proposals for economic and social reform. Such a message, recognizing both the diversity of family life and the continuing importance of family, appealed to a broad cross-section of Americans. It continues to make more sense and offer more hope than the punitive and coercive prescriptions of the family restorationists. ♦

Divided Families, Whole Children

Richard Weissbourd

When Fred Louis* looks back at everything that went haywire last year—leaving school, drinking heavily, feeling bottomless misery—it seems as if his parents' divorce a decade before was at the root. An earnest, barrel-chested 17-year-old with a broad, mild smile, he didn't understand the full extent of the damage at first. In fact, he thought he had come to a kind of truce with the divorce. Instead, his feelings about the divorce sneaked up and uncoiled on him.

Divorce is often held responsible for the difficulties of millions of children like Fred. Divorce and unwed motherhood are being blamed for children's school troubles, delinquency, and drug abuse, as well as a

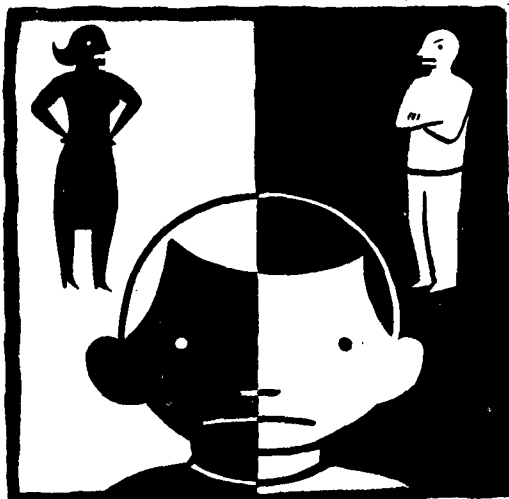
renewed cycle of teenage pregnancy and family collapse. Yet the reality is far more complex than the cartoon.

Sarah and Bill Louis divorced when Fred, their second of three children, was seven years old. All Fred recalls prior to the divorce is his parents' "fighting about everything." Although Bill Louis had been attentive to Fred early in his childhood, in the year before the divorce Bill was home only on weekends. Though he was pleasant with Fred, he seemed in

another world, glued to the television or tinkering endlessly with his sports car.

Although Fred was aware of trouble in his parents' marriage, the divorce blindsided him. One day his parents were together, it seemed, and the next day they were divorced. His older sister told him she had overheard a telephone conversation between their parents. Their father was not coming home again.

In fact, the marriage had begun to collapse about three years earlier. Sarah worked as a secretary for Bill's insulation business out of their



home—and she recalls his carping at her constantly: “I didn’t talk right, I wore the wrong clothes.” In the last year of the marriage, Bill developed a serious alcohol problem. When he was drunk his anger spilled out viciously.

Sarah hated her marriage but felt emotionally and financially dependent on Bill. She was devastated when he told her that he had been seeing another woman and was moving in with her. Bill also insisted he needed their house for his business, and it was Sarah and the children who had to move out. Sarah landed a part-time nursing job, but she was still unable to adequately clothe and feed the three children every day. Within a few months she found another job in the evening that kept the family out of poverty. She arranged to have a neighbor watch all three of the children.

Sarah thinks that Fred, of all her children, took the divorce the hardest, though at first the damage was not apparent to her either. In fact, she leaned on Fred more than the other children after the divorce. By her lights, Fred had always maintained an inner sturdiness. He became a kind of partner to her, even though he was only seven years old. When she was upset, she depended on him to help with housework and to supervise his younger brother.

Fred, for his part, worried about his mother intensely. For hours, he recalls, she cried or stared blankly at the television. She looked like a zombie. Often he tried to buoy her, reassuring her that the pain would pass. And he hid from her how abandoned he felt by his father.

His mother, Fred recalls, pulled out of her fog about two years later, and for a few years life at home seemed easier and more pleasant than Fred had ever remembered. Around the time that Fred turned 11, however, his anger at his father, which had often gusted, turned into a gale. He saw his father about once a month, but his father—wearing black leather jackets, driving a motorcycle, racing professional drag cars—seemed pathetic, ashamed of his age. Bill Louis had also married the woman with

whom he had been having an affair. She was a much younger woman, and she treated him like an interloper. More galling, Fred was told by his mother when he was twelve that his father was not paying child support.

When Fred started to become a leader in the ninth grade, it was his commitment with his father, he now believes, that was the source. He became a leader of a “druggie” gang, and fought freely with rival gangs, though he was not a user himself. Although he managed to leave the gang, when he entered high school he lost contact with his father completely—“we just stopped calling each other”—and he found himself rudderless. The school seemed huge and impersonal. Not a single school administrator even knew his name. While he had been a leader in middle school, he was now “at the bottom of the totem pole.” Nor could he turn to his mother for help. It seemed to him that Sarah was hardly ever home; when she was home she was distracted or critical of him.

Every day it now seemed to him that he was “rotting,” that “the sand was going in the hourglass.” School seemed almost surreal: “I was there but I couldn’t figure out what I was supposed to do.”

He began skipping school, sometimes persuading friends to skip with him. Sarah was shocked when she received the call from the assistant principal at Fred’s school; Fred had been absent for 30 days. This was not, to be sure, the first time Fred had had school troubles: many times she had tried to persuade teachers to “look past the exterior,” that beneath Fred’s fighting with other children and sullen defiance was a bright child who simply needed some adult attention. But Sarah had always assumed that Fred, the child she relied on so completely, was suffering the normal downturns of adolescence. She recalls one reason she failed to notice the signs of Fred’s distress: she was too consumed with his

* Editor’s Note: The names of the characters in this article have been changed.

younger brother, Kim, who had recently been arrested for drug possession.

One night Fred came home drunk and erased any illusions his mother had about his taking the divorce in stride. All his troubles, he told her, stemmed from the divorce. Brimming with bitterness and disgust, he said that his father had betrayed him and the whole family. Not only had his father broken off contact with him, the man had ended up living quite comfortably, while the rest of the family had been dumped into poverty. The divorce, Fred said, had ruined it for all of them.

There is no question that divorce does harm to large numbers of children—Fred Louis is no exception. It is simply a myth that divorce doesn't damage kids. Yet it is also a myth that divorce is some modern scourge. Divorce and single parenthood are not the prime cause of school problems and other childhood problems in this country—and large numbers of children are spared serious problems because of divorce.

Divorce typically has complex costs and benefits for individual children like Fred. He was vulnerable in different ways after the divorce than he would have been had his parents' miserable marriage stayed intact. Fred felt ashamed and abandoned by his father after the divorce. But he may have felt ashamed and abandoned in different ways if the marriage had remained intact, with his father remote and constantly fighting with his mother. And while divorce brought many hardships to Sarah, it also pulled her out of a dead-end marriage that was killing her spirit and badly compromising her ability to parent—and of course it was primarily upon her parenting, not Bill's, that Fred relied.

Further, the damage that divorce does to children varies enormously, depending on many factors such as the responsiveness of parents, schools, and community adults. Ideological warfare over the precise damage done by divorce is the wrong debate. Rather, policymakers and those

who deal directly with children need a greater understanding of these complexities so that they can create communities and schools that will both help families stay together and keep children from unraveling when their families are torn apart.

The Impact of Divorce on Children

One serious consequence of divorce is that most children like Fred Louis will effectively lose their fathers. In some 90 percent of divorces, mothers are awarded custody of their children. Ten years after a divorce, fathers will be entirely absent from the lives of almost two-thirds of these children. Vanishing fathers often mean vanishing income—children are about twice as likely to be living in poverty after their parents divorce.

Those who decry divorce typically depict couples leaving each other casually and selfishly, out of boredom or a lack of fulfillment. They conjure up couples in the throes of mid-life crises itching to fulfill vague, immature ambitions or indulging themselves with younger lovers—a description that indeed fits Bill Louis. At the same time, few advocates of tougher divorce laws think women should stay with alcoholic and abusive husbands like Bill. Family therapists suggest that while some people divorce casually, people typically divorce for diverse and serious reasons, especially when children are involved. Often parents divorce because one or both partners are too immature to communicate effectively and to work through the inevitable disappointments and compromises of marriage. Sometimes a marriage cannot withstand the long illness or the long depression of a partner. Families can decay in many ways.

And children can suffer from many different kinds of family decay. Although statistics show that children from divorced families have more school and peer problems than children from intact families, they do not account for how children from divorced families would have fared had their parents not divorced but stayed

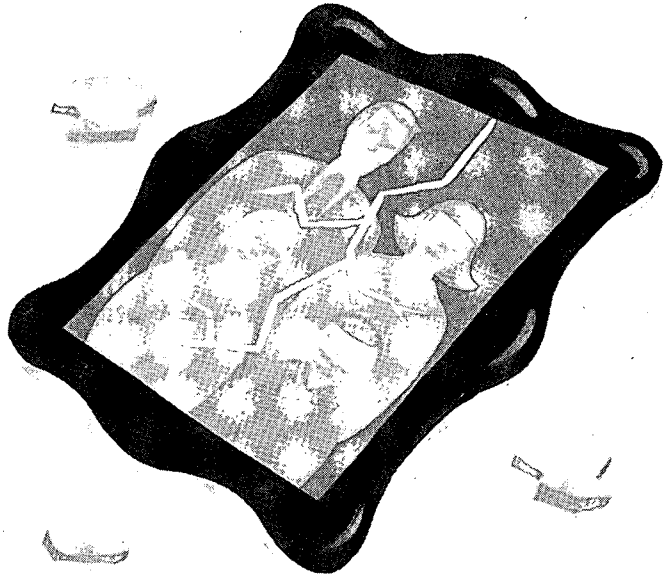
together in rotting marriages. In fact, there is evidence that many children show signs of greater trouble in school months and even years prior to a divorce.

A study that tracked children in a Berkeley (California) nursery school beginning in 1968 shows that years before their parents' split, boys whose parents would eventually divorce were more likely to exhibit various behavior problems, such as impulsiveness and rudeness, than boys whose families stayed together (far smaller differences were found among girls). Children in high-conflict homes are also just as likely to drop out of school, marry as teens, have a child before marrying, and themselves divorce as are children from divorced homes, according to researchers James Peterson and Nicholas Zill. While divorce appears to be one factor contributing to school problems, marriage problems, and work problems, it is by no means their primary cause.

Different Vulnerabilities

Consider Ann Waters, a lithe 10-year-old child in Boston. While many children like Fred end up in caretaking roles after divorce, Ann spent a good time taking care of her father *prior* to her parents' divorce. The father worked part-time and spent much of the day languishing around the house, often drunk and depressed. Ann's mother worked long hours, and every morning Ann awoke early to cook her father's breakfast. She also rushed home to run errands for him after school and to cook dinner. She enjoyed taking on these tasks, but her friendships suffered. Even when there was time Ann often felt like she was "too mature" for her friends. Her friends called her "bossy." In her free time she chose to read instead.

After the divorce, Ann was referred to a therapist by her mother, who said she was having temper tantrums. As her therapist puts it, after the divorce Ann suffered a kind



of "demotion in the family." With her father out of the house, she no longer was a needed caretaker. Her mother was home more often but would not allow Ann to play this caretaker role. "Instead of treating Ann like an adult," this therapist adds, "Ann's mother treated her like she should treat her—as a ten year old—but Ann hated that. She became enraged about being treated like a child."

While Ann Waters was in turmoil after her parents' divorce, it is hard to argue that she was either better or worse off. She was simply vulnerable in different ways. Prior to the divorce, Ann was vulnerable because she shouldered responsibility for her father—a role that not only made it hard for her to make friends, but that made it hard for her to be a child. Had this marriage remained intact, these problems might have greatly intensified as Ann reached adolescence and sought some separation from her father. On the other hand, Ann's relationship with her father was certainly not wholly negative: the divorce deprived her of the consistent contact of a parent whom she loved and who loved her and who provided her with the satisfaction of being needed.

For many children divorce is not a single

event but a series of events: their families will change shape several times and each arrangement strengthens them in certain ways and creates new vulnerabilities. Often children endure their parents' separation and divorce, life with a mother and her lover, and a remarriage—75 percent of custodial mothers and 80 percent of fathers remarry. Remarriage often brings a new set of siblings and sometimes another divorce—the divorce rate is higher in second marriages than in first marriages. Their children's most important relationships are thus rearranged several times. Moreover, many of the variables that most strongly influence the fate of children of divorce—whether a father disappears, whether a remarriage occurs, the success and nature of the remarriage—are simply not variables that shape children's lives in intact families. According to David Kantor, a pioneering family therapist, "We need to create entirely different models for understanding children in intact families and in divorced families."

Important Factors in Divorce

It is not divorce per se that does lasting damage to children as much as the way divorce interacts with many circumstances surrounding it. Children are not only affected by how their parents handle divorce—by unexplained acrimony, by being used as weapons or as messengers in divorce wars, by how parents adjust to being alone—but also by their experiences in the larger world with friends, with community adults, and with school.

Often divorce is damaging to children like Fred Louis, for example, because it forces their families to move, wrenching them from old friends and familiar schools and communities and exposing them to poorer, often more dangerous neighborhoods. Studies cited by sociologist Stephanie Coontz disentangled the effects of divorce from the effects of moving to a new neighborhood after a divorce. Coontz found that dislocation was more likely to hurt children's school prospects than divorce

per se. Even when children do not actually move, divorce can untether them from supporters and loved ones, such as their father's family and friends.

Schools figure powerfully in these dynamics. Social worker and divorce-researcher Dan Hertzell says that the damage done by divorce is often much deeper because school staff don't know how to talk to children about it (many typically elect not to talk about it at all), exacerbating the shame children often feel. Many children, Hertzell points out, will provoke or "test" their teachers after a divorce. "They want to know if teachers, too, will abandon them, and sometimes they may secretly hope that causing trouble will get their parents to come to a meeting together." Yet teachers have little or no training in how to respond to this testing.

Hertzell adds that teachers are far more comfortable talking to children who have suffered the deaths of family members than they are to children who have suffered their parents' divorce: "There are no rituals for school staff that can guide them in dealing with children after a divorce." Schools also have few guidelines when faced with decisions about whether to maintain the involvement of fathers, whether to encourage divorced parents to make educational decisions for their children jointly, and whether to include stepparents or cohabitating adults in school activities. Often high turnover among teachers and other personnel, especially day-care workers, further compounds the damage done by divorce.

Most often, it is a chain of interactions involving children's attributes, parents' characteristics and the characteristics of schools and communities that determine the damage wrought by divorce. Fred Louis is endangered not only because he is abandoned by his father at a critical developmental stage, but because he loses contact with his father just as he is entering a large, impersonal high school where he has little close contact with adults, where he feels on the bottom of the totem pole and where

many of his friends are similarly disaffected. Fred is also imperiled because he is thrust into a caretaker role prematurely and learns to cope with stress by asserting his independence and taking control—a coping strategy that is useful for him for a few years after the divorce but that may make it easy for him to slip into a leadership role in a gang and that may play a part in his escalating conflicts with teachers. At the same time, his mother, strapped by two jobs and preoccupied with his younger brother, does not know about his drift and is not contacted by the school for a month. Fred is endangered by a chain of interactions involving the loss of his father, his developmental stage, his specific coping strategies, his mother's coping strategies, his brother's troubles, a transition to high school, peers who are similarly distressed and an unresponsive school bureaucracy.

Using Schools and Communities

Protecting kids from the problems of divorce surely requires providing families with the support and counseling they need to stay together, emphasizing the serious troubles that divorce can bring, and reminding parents, again and again, about their moral obligations to each other and their children. But it also requires creating communities and schools that give both parents and children in single parent families the steady support and responsiveness they need. Education researcher James Coleman has shown that children from single parent homes, if supported by community, educational, and religious networks, are no more likely to drop out of school than children from intact families. Yet the nation's major economic and social institutions are not designed to support single parent families: they have not caught up with the realities of modern family life.

Helping children through the experience of divorce does not mean recreating tight-knit neighborhoods: it does mean providing children and parents with a variety of opportunities for ongoing support. Community and school strategies that help children

manage divorce should have at least four elements. They will help children maintain strong ties to both other children and adults. They will strengthen parents and help parents create lasting ties to other parents. They will engage fathers in children's lives. And they will furnish both children and parents opportunities to talk about and make sense of the experience of divorce.

Anchors in Children's Lives

Given that children from divorced families are likely to tumble through various family arrangements, it is hard to exaggerate the importance of anchors in their lives—children and adults outside of their families who are caring and attentive over time. Some communities and schools are now seeking to both deepen and extend children's involvement with other children and adults.

For example, many large high schools across the country are creating more personal environments within schools—environments where children spend the bulk of their day with the same group of teachers and students—by clustering teachers and students, for example, or by creating schools within schools or “houses” within schools. Multigrade classrooms—classrooms where children stay with the same teacher for two or even three years—enable teachers to deepen their involvement with children. Some high schools now have “advisory” periods each day—a time where students are able to surface a wide array of concerns. Often the same teacher runs these advisory periods with the same group of students all four years of high school. Reducing teacher turnover and turnover among day care providers—difficult as these tasks may be—can similarly give children greater ballast and a deeper faith in the solidity of adults. Reducing classroom size and recruiting volunteers who free up teachers' time can heighten teachers' responsiveness to individual children. Sometimes even a small amount of empathy and responsiveness can make a critical difference. Fred Louis skids out of

school in part because he has no sustained connection to an adult at school.

Schools cannot support kids and parents alone: they need to work in tandem with a wide array of community organizations and services. Mentoring programs, for example, can be crucial sources of support and affirmation. Unfortunately, as Mark Freedman demonstrates in his book, *The Kindness of Strangers*, in most current mentoring programs relationships are short-lived; adults lose interest or are tied up by other demands, say, or adults or children move—an experience that can widen the cracks in a child's basic faith that mentoring is supposed to narrow. If mentoring programs are to be part of the solution and not part of the problem, they need to recruit adults who are able to make long-term commitments to children.

Strengthening Single Parents

Strengthening both custodial mothers and absent fathers encompasses many strategies, including improving both the quantity and quality of child care, creating part-time work opportunities and flexible hours and developing family-friendly management training [see the companion articles in this issue of *TAP*]. Currently, parent and family support programs are burgeoning across the country, many of which are linked to schools. They are also unburdening parents by providing various services—such as parent skills and job information classes—and by strengthening ties among parents. While these programs are promising, they remain scattered. City governments need to provide these supports through schools and other community institutions.

Children also need their fathers, and programs are helping fathers overcome the various inner and outer obstacles that drive them away from their children after a divorce. Here, too, the basic public institutions need to engage fathers. Schools, for example, need to involve non-custodial fathers in their children's school activities. Extending the school day and offering eve-

ning activities at school will further expand opportunities for fathers to involve themselves in their children's education. Because so many children live with stepfathers or their mothers' partners, schools also need help in the complex task of determining how best to engage the various men who may be important to a child.

Because divorce is so deeply unfathomable to children, because it renders them so helpless, because they are so likely to feel rejected and disillusioned, it is critical that children have opportunities to talk to adults who are able to help make this experience comprehensible. As Hertzell points out, school staff need to be trained to develop rituals and non-intrusive ways of letting children know that the staff know a divorce has occurred and are available to talk about it. School staff also need to recognize when a child needs to talk to a counselor or social worker. Health care providers and many others who work with children need to be similarly sensitized to the problems of divorce and given rudimentary training in how to talk to kids about it. Groups for children in the midst of divorce and groups for children who are having difficulties with stepparents are cropping up in some schools and offer other useful opportunities for children to come to terms with non-traditional family arrangements. Because for many children, like Fred, the worst consequences of divorce are delayed, it is vital to create ongoing opportunities for children to make sense of the experience rather than only reaching out to children in the immediate wake of a divorce.

The happy irony is that many of the things that will help children after a divorce—such as supporting parents and including fathers in their children's education—will not encourage people to divorce; they will help families stay together. These various community supports thus serve two key aims of any sound family policy—keeping families together and keeping children in one piece when their families come apart. ♦

Overheard at the White House

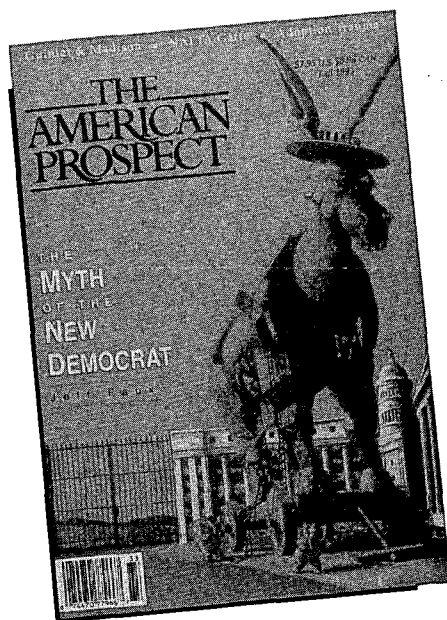
[Laura] Tyson said she and [Bob] Reich had once had a debate in THE AMERICAN PROSPECT on whether the nationality of a firm was important.

"Yeah, Laura was wrong," Reich said.

Clinton looked as if a light had switched on in his head. "I didn't know you wrote that," he said to Tyson. "I forgot that. You know what? You were right, and Bob was wrong."

How many people in the country, Tyson wondered, read THE AMERICAN PROSPECT?

— Bob Woodward, in *The Agenda*.



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Can We Keep Guns Away From Kids?

David M. Kennedy

The Brady Bill and an assault weapon ban are finally law. Congress may add a few frills like fee hikes for federally licensed gun dealers and tax hikes on ammunition. But the killing in our core cities, especially the killing of young black men by other young black men, will continue almost as if nothing has happened.

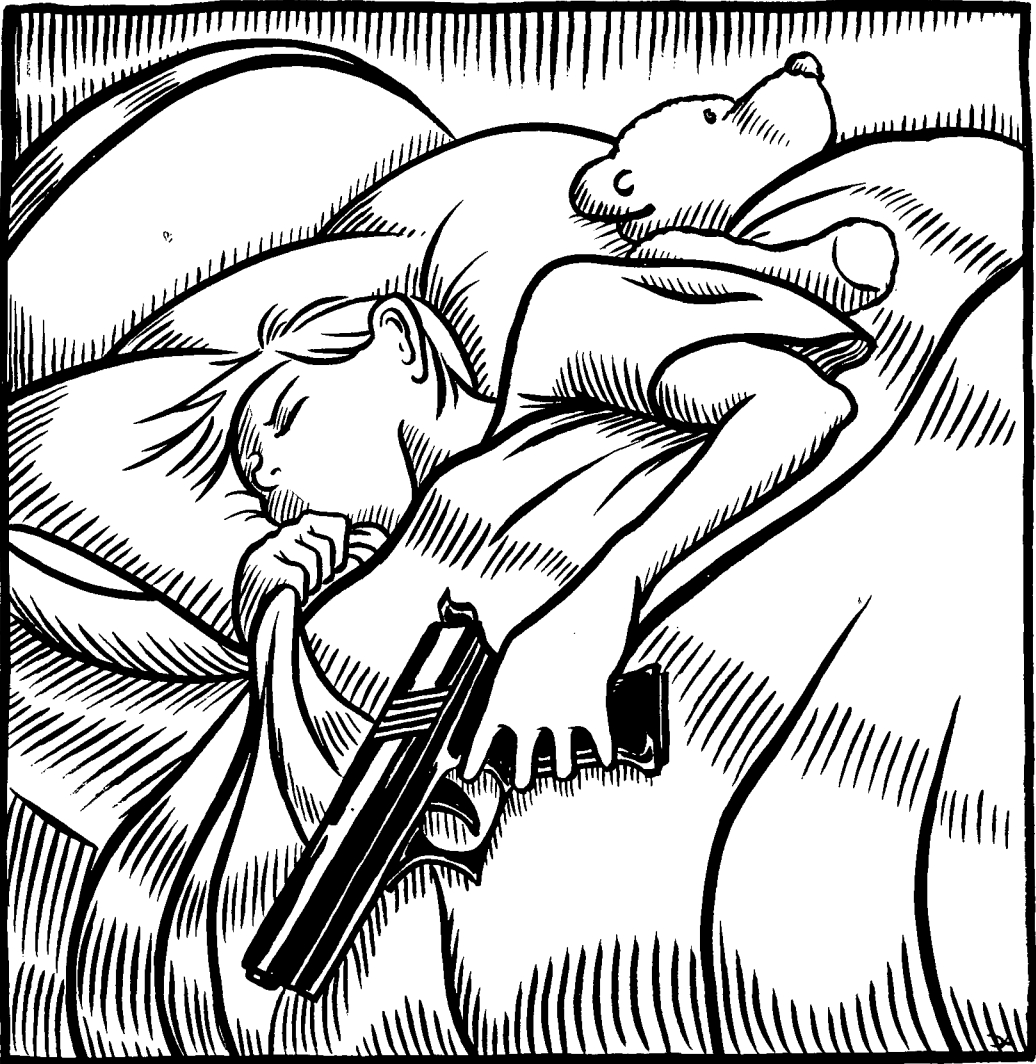
Yet something must surely be done. Youth gun homicide has risen sharply since the mid-1980s. It is now higher for teenagers than for the general population, and far higher for black teenage males: in 1990, roughly 100 killed for every 100,000 between the ages of 15 and 19 (versus 9.7 for every 100,000 white males in the same age group). The gun homicide rate conceals a mass of nonfatal woundings—some 5.7 for every death. And the problem is getting worse, not better.

The reality on the street is even starker. A 1993 national poll by LH Research found that 30 percent of black adults know a child who was wounded or killed by another child with a gun. Drive through Washington, D.C., within rifleshoot of the White House, and look at all the young black men with canes—they weren't maimed playing football. In Cabrini Green, one of Chicago's appalling high-rise housing projects, I have talked with mothers who will not let children out of their apartments except to escort them to and from school. In these communities many children do not talk about "when" they will grow up; they talk about "if." Tulane University researchers Joseph Sheley and James Wright recently surveyed high school students in four troubled minority communities—more than a third carried guns at least occasionally. (One student, asked what caliber gun he owned, pulled it out of his clothes to check.) Research by Carolyn and Richard Block

suggests that nearly all of Chicago's recent increase in gang-related killing is attributable to bigger, better handguns.

Close the Market

Can we do anything to keep guns out of kids' hands? Tighter gun control alone will not work. In most cities with serious juvenile gun problems, the purchase and possession of handguns by juveniles are already illegal. The shootings and deaths have increased just the same. Forty-one percent of Sheley and Wright's students said obtaining guns was "no trouble at all," and they paid well *below* retail prices for the guns they bought on the street. Increasing penalties for violating gun laws won't help much either. The effectiveness of such laws depends on the commitment of police, prosecutors, and the courts, as well as the availability of prison space to back them up. The first is difficult to obtain (police, prosecutors, and courts tend to adjust their



actions to the nuances of each case); the second, prison space, is in increasingly short supply. And many juvenile gun offenders think and care little about even severe punishment.

A better target for our efforts would be the black market in guns, which so far has received little serious attention. Federal gun legislation mainly affects new weapons sold by federally licensed dealers. The laws do not reach many older guns, nor small-scale private dealers, and they do not create the recordkeeping and transfer protocols required to monitor and control the movement of guns. Measures to correct these

deficiencies are from time to time proposed in Congress, where they die. Gun and anti-gun activists conclude, alternatively, that there is no point in attempting to control firearms, or that there is little point to anything short of outright bans. This logjam is unlikely to be broken anytime soon.

At the local level, the illegal gun trade proceeds unhindered by anything approaching a concerted police response. Strategies and tactics routinely deployed against other threats to public safety are strikingly absent from the gun-crime landscape. Given the opportunity, police are willing to make firearms arrests, but such charges tend to be incidental to other enforcement activities.

Departments almost never give the black market in firearms the same priority they do narcotics or prostitution. They rarely take advantage of opportunities to identify and penetrate the gun trade by back-tracing illegal weapons used in crimes, demanding information about weapons sources as a condition of plea bargaining, or mounting stings or undercover operations. And they are rarely sophisticated about working with federal authorities on gun cases. "If we find a kid with a gun, we're happy to settle for a conviction," says Jim Jordan, the Boston Police Department's Director of Policy Development. "We don't even ask where he got it."

This is quite peculiar. The black market in guns, as my colleague Mark Moore has shown, is essentially local. Guns are readily available through local sources: they can be stolen from homes or gun dealers, or purchased from licensed and unlicensed dealers and resold. Even operations to move weapons from states with loose gun laws to states with strict ones typically consist of only a few people with a car (or a gym bag and a bus ticket). Many black-market gun dealers buy guns from thieves and resell them as they would any other hot commodity. As a panel from the National Academy of Sciences noted in a 1993 report, *Understanding and Preventing Violence*, this is the kind of crime local police, whose strength and number dwarf federal enforcement capacity, should make their business.

It is thus encouraging to see, for instance, the New York City Police Department's recent decision to mount undercover operations against illegal gun dealers. But no practicable amount of ordinary police work will shut these markets down. Departments must break the classic enforcement mold.

The Idea Of Market Disruption

Hope lies in a new set of market disruption approaches developed in community policing circles and deployed with great effectiveness against street drug markets. Over the past decade, several cities plagued

by serious street drug problems have successfully interfered with street trafficking so that the markets ceased to function.

For example, police in Tampa, Florida mounted a model operation known as QUAD (Quick Uniform Attack on Drugs) to combat a widespread crack problem on the streets. They made it difficult for buyers to find dealers by intensifying enforcement to keep dealers on the move. They used community allies to locate and report new street dealing sites and drug stashes. Posing as dealers, police pulled "reverse stings" and arrested buyers, making other buyers feel vulnerable. Officers interfered with business by loitering around dealing sites, used local ordinances to clear crowds from known trafficking areas, and cooperated with city authorities to knock down abandoned houses and shut down businesses used for dealing. Six months into QUAD, public dealing was virtually extinct. The disruption strategy had caused, in relatively short order, the near collapse of the street market.

Gun markets are more surreptitious than drug markets. But a disruption strategy for the youth gun market could still succeed.

Since gun transactions among adults are not necessarily crimes, there is no easy way to tell whether a seller, a buyer, or a particular transaction is illegal. But kids caught buying and carrying guns, and people caught selling guns to them, are *prima facie* lawbreakers. Equally important, public feeling on youth and firearms is universally negative. Illegal firearms transactions among adults do not always draw public outrage or official action. If a gun dealer illegally sells a weapon to a middle-class suburbanite, the community tends to show tolerance. Even the deadly use of illegal weapons can win considerable support. But nobody thinks kids should have guns. Measures to prevent kids from getting firearms would be popular with officials and community members. If disruption strategies can be designed, communities will help.

Why Kids Want Guns

To successfully disrupt the youth market we must understand why kids get guns. This means going beyond the three most common theories, which are increasingly inadequate to explain what's happening in the inner city.

The drug trade. Where there is serious drug dealing there will be guns. There is no question that the rise in juvenile black male homicide that began in the mid-1980s coincided with the rise of crack cocaine. In many cities, the crack market is characterized by a young minority work force and open-air trafficking with a high degree of turf-related and other violence.

But the close connection between youth violence and the crack trade sometimes dissolves upon closer examination. The Blocks' research in Chicago suggests that very little of that city's spiralling youth violence rate is drug-related. It seems, rather, to be *turf-related*, with recent increases in killings due to gangs' use of more powerful guns. In Richmond, Virginia, Russell Boxley and his colleagues found that the trafficking issues provoking drug-market killings were not significantly different from other kinds of disputes that often sparked violence among the same groups of people.

While levels of youth violence and drug trafficking increased together during the mid-1980s, more recently the trends have diverged. In Milwaukee and Washington, D.C., youth homicide continued to increase in the early 1990s even as the drug trade diminished. Today, the fact that so many homicides and assaults seem inexplicable is what most disturbs communities. Kids are killing each other over jewelry, sidelong glances, and, at times, for no apparent reason at all.

Gangs. Another popular explanation for the spread of violence centers on youth gangs, some engaged in drug-trafficking and some not, using guns to protect turf and to settle disputes. But what is a gang? Gangs range from sophisticated economic organizations (some of which appear to es-

chew violence except for business purposes), to moderately organized ethnic groups, to ad-hoc bands of friends. Since they tend to come to public attention only when they commit violent crimes, and since officials call any affiliated group that commits violence a gang, "gang violence" is at times a tautology.

A more important problem is causality: do gangs cause violence, or does violence cause gangs? Kids in violent areas band together for support and protection. Having done so, they are obliged to stand up for one another, and they become actors and targets in cyclic exchanges of violence. The ready availability of guns, then, must be a significant contributing factor to the creation of gangs and gang violence. Measures to keep guns out of kids' hands might serve to moderate both.

Culture of violence. Most recently, attention has focused on cultural factors, such as the media and the intergenerational impact of domestic violence and sexual abuse. This would explain the appalling "senseless" acts that seem more and more common, and link them to an adult world that exhibits many of the same features.

Many public health analysts use this frame. Deborah Prothrow-Stith and others have written powerfully of how movies, television, music, and parents encourage youth violence. Their research points to the inability of many adolescents to imagine nonviolent conflict resolutions; it shows how youth culture encourages and rewards violent behavior. But these arguments do not explain how presumably long-standing cultural factors could account for the explosive rise in youth homicide. Nor do they explain causality. Is the youth demand for guns driven by this cultural appetite for violence? Or is youth violence so bad in part because guns are so prevalent and have the effect of polarizing groups and raising the risks of violent behavior?

The Primacy of Fear

Terror is what ties these accounts together. It appears that we have entered

into a distinct second phase of the impact of drug trafficking on communities. In the first phase, trafficking and competition among traffickers caused high levels of violence, in a pattern reminiscent of Prohibition. While appalling, this violence was fundamentally *instrumental*: it generally served or emerged from business interests, albeit illegal ones.

That violence, however, profoundly increased the fear in affected communities, which in turn brought more weaponry. Traffickers, many of them young and not particularly measured, armed themselves. The streets were the marketplace, so business disputes were settled in public. There were no safe havens—nonplayers had nowhere to escape. Many part-time drug dealers became full-time gun owners. The trade was ruled by the same self-regulation that governs all illicit enterprises: those who offend get hurt. But since traffickers were numerous and dispersed throughout the community, that gangland ethos came to govern even more ordinary interactions as well.

In short, many of the newly armed boys (and girls) in the 'hood are not depraved. They are scared—and rightly so. Sheley and Wright found more than 40 percent of their high school students had been shot at or threatened with a gun; nearly *half* knew schoolmates who had been fired on. Not surprisingly, self-defense was far and away the main reason these kids armed themselves. In the 1993 LH Research poll, 33 percent of black adults reported knowing "a child who was so worried he or she got a gun for self protection."

The more kids arm themselves, the greater the chance of shootings, and the more readily kids arm themselves. Mix in youthful impulsiveness and the result is spur-of-the-moment mayhem. "The scariest thing," a Detroit high school senior told Carl Taylor, "is that you never know when they're going to get into an argument and start shooting."

In such an environment the "senseless" shootings that have become commonplace should come as no surprise. These kids are armed and edgy. They believe they cannot

walk away from a fight without irretrievably losing face. They are surrounded by violence, and feel that they have few alternatives. They cannot get out of Dodge, nor is anybody making them check their guns at the edge of town.

Many of the kids involved in this life do not really want to live it. Less readily available weaponry would ease tensions and diminish the deadliness of incidents. It might lead to clearer divisions between dangerous offenders and other less committed users, and allow responses more appropriately tailored to each class. A weapon-centered approach is certainly not a perfect or complete response to youth violence, but it would facilitate and reinforce other approaches.

Can we design such a program? Yes, but it will take custom-designed strategies, developed and implemented primarily by local authorities. Different local markets require different disruption plans. Patterns of acquisition and distribution are different in Georgia, which has few restrictions on gun sales, and Massachusetts, which is heavily regulated; or in Chicago, where the killing is largely gang-related, and Washington, where it has more to do with drugs. The strategy must be comprehensive, with mutually reinforcing tactics tailored to local circumstances. Stiff penalties for selling and buying, measures to reduce gun movement from the legitimate to the black market, and measures to reduce youths' fear are unlikely to have much impact if they are pursued in piecemeal fashion.

Central to making those strategies work will be detailed, timely information on particular youth gun markets. Among the questions we need to ask: How do kids acquire guns in a particular city? Why do they do it? Do they buy from the same sources as adult offenders? Is there a distinct illicit gun market, or are guns passed along channels also used for drugs and other contraband? Are there many sources of supply, or relatively few? How open is

the trade? Are sellers bold or wary? What makes them willing and unwilling to sell? Are there different supply channels to hardcore and casual consumers? Are particular weapons in vogue? How does information about sources of supply reach consumers, and how widely is it known?

Although police departments already have a great deal of scattered information on gun markets, they seldom put it together. A first step would be to consolidate existing information in a fashion that supports problem solving.

From there, police could tap other sources of information, including:

Kids. If youth gun markets are as vigorous as they appear to be—they often include *rental* markets for busy weekends, parties, and such—their workings will be fairly widely known. Some knowledgeable youth, both players and nonplayers, will be willing to talk if police can ensure their safety. Departments need to develop new relationships with young people to learn what they need to know.

Offenders. Criminals are useful sources of information. In Tampa, interviews with jailed criminals helped convince the department that suppressing street crack markets would reduce crime and disorder. Boston's gang unit has found gang members willing to share information useful for understanding and sometimes preventing gang violence. Black market gun dealers and kids who have acquired weapons illegally are rich sources of information.

Parents and other community sources. Parents in communities troubled by youth gun violence are potentially powerful sources of information. They should be encouraged to help the community set a "zero tolerance" standard. Some are likely to cooperate with police if they think their children will be treated well, and if they can do so safely. Departments should explore ways to build working relationships with such parents. School security authorities, teachers, youth social service workers, and church leaders could also develop information on the youth gun market. Some will be

willing to cooperate with police if their own interests are protected.

Gun dealers and gun regulators. Legitimate gun dealers may have information about how kids obtain guns and which adult intermediaries deal guns to kids. Black market gun dealers may be willing to inform on rivals or bargain with information when facing prosecution. Federal authorities may have information useful to local police, as well as the investigative and enforcement capacity to support local information gathering.

Putting It Together

Although strategies would differ from city to city, one can sketch a hypothetical operation. To block access to gun supplies, police could work with parents and kids to identify owners of gun stockpiles. (Parental authorization would be sufficient to allow police searches of houses and apartments, perhaps during an initial amnesty.) Private and nonprofit partners could offer residents in high-burglary areas trigger locks and advice on storing firearms securely. Federal authorities could trace illegal weapons to licensed vendors, and put them under scrutiny or arrange for their licenses to be revoked. Prosecutors and courts could work to ensure swift and stiff punishments for adult "straws" selling to kids.

To attack the security of sellers, we need state laws making straws who sell guns to kids jointly liable for crimes committed with those guns. Police could work undercover and cultivate confidential informants to buy guns illegally. They could also offer juvenile offenders caught with guns plea bargains based on naming their suppliers. To attack the security of buyers, police could mount stings, offer black market dealers plea bargains based on fingering clients, work with parole and probation officers to intensify supervision of kids who are court-involved for gun offenses, and negotiate protocols for street searches with representatives of troubled communities. (To avoid antagonizing the community, these should be aimed at enlisting local

support for the exercise of existing police powers.)

To deter black marketers from selling to kids, authorities could mount comprehensive enforcement efforts against drug and fencing organizations known to be selling guns to kids (thereby sending a signal that such dealing will trigger attacks on all fronts of one's business). States could legislate asset forfeiture for dealing guns to minors. Related suppression of the street drug trade would take money out of the pockets of kids likely to buy and use guns. Raising the costs and lowering the benefits of the youth gun trade might dissuade new entrants into the business. To the extent that stores, bars, and other businesses were fronting for youth dealers, civil abatement proceedings could shut them down.

Fresh insights and strategies are likely to emerge both from close examination of particular markets and from experience gained as particular disruption strategies evolve. Richer information and operational experience could reveal unexpected opportunities.

In Tampa, for instance, equipping officers with digital beepers that allowed rapid, personal, but clandestine contact between the police and community supporters turned out to be critical to a robust flow of timely operational intelligence about street markets. And new tactics were developed during the operation that nobody could possibly have imagined ahead of time. Street dealers, for instance, generally hide stashes not on their persons but nearby—in a tree or a patch of tall grass—in case they are robbed or arrested. QUAD officers started getting calls from neighborhood sources who observed the dealers closely and could pinpoint the stashes. Police simply seized the drugs, strangling the dealers' cash flow. If we look hard, we are bound to find equivalent weaknesses in youth gun markets.

Other Strategies for Fighting Fear

The more kids' fear can be reduced, the less they will want guns and the more effec-

tive market-disruption strategies will be. Three ideas deserve particular mention. First, street drug markets and gang disputes create high levels of violence, disorder, and fear. Cities should explore QUAD-type operations to shut down drug markets, and work with kids and others close to the street to prevent gang violence. Police units like the Boston antigang violence squad and grass-roots groups like Clementine Barfield's Save Our Sons and Daughters in Detroit have had success preventing individual incidents from growing into vendettas. Second, criminal justice resources should be focused on taking repeat violent juvenile gun offenders off the streets. Third, some community policing departments are developing innovative means to identify and address fear. In one model operation in Baltimore County, officers defused a budding racial conflict by separating bus stops that brought warring groups of black and white kids into regular contact, then worked with both groups to prevent further trouble. More along these lines is possible.

No one of these measures is likely to make much of an impact. The power of market disruption and allied approaches would come from multiple attacks, and the interaction of multiple attacks, to the incentives and free functioning of the market. The mounting of the operation would itself be a deterrent; in many jurisdictions buying and selling in the youth black market is a largely risk-free enterprise, and a clever operation (including a community actively mobilized against guns) could hope to raise participants' sense of vulnerability considerably.

It is too much to hope that any of this would end illegal dealing in guns. But an effective youth market strategy might serve to split the adult market off from the youth market, leaving illicit dealers still in the gun business but unwilling, or substantially less willing, to deal to kids. It might, along with other efforts to fight fear, arrest the spiraling juvenile arms race. Given the juvenile death toll, and the special contribution of armed kids to the disruption of troubled communities, that would be a success.♦

The Skills Myth

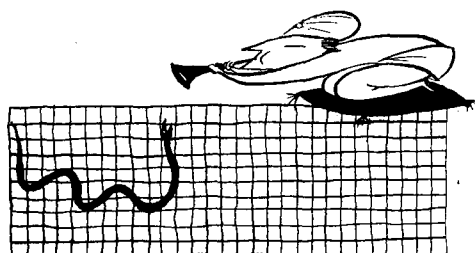
David R. Howell

After almost three decades of rising incomes, average real earnings have fallen relentlessly since 1973. In 1982 dollars, the weekly wage for full-time workers was \$327 in 1973, \$303 in 1979, \$277 in 1982, and just \$265 in 1990. During the same period, the income distribution became steadily more unequal. The most dramatic earnings collapse was for poorly educated men, a pattern that accelerated in the 1980s (see "The Wage Collapse," page 84).

The single most widely accepted explanation for the earnings crisis is "skill mismatch." According to this view, there has been a fundamental shift in industry's demand for skills, leading to a collapse in opportunities and wages for low-skill workers. This shift in the demand for skills is widely attributed to technological changes. The beauty of this account is its apparent consistency with both the textbook labor market, in which relative wages reflect relative skills, and a wealth of anecdotal evidence on the skill-upgrading effects of computer-based technologies. The Clinton administration, accordingly, has placed heavy emphasis on skill mismatch in promoting its job training initiatives.

However, a review of the statistical evidence casts considerable doubt on the skill-mismatch hypothesis. There is little direct evidence that the rate of skill upgrading was substantially greater in the 1980s than in earlier decades, or that technological change was the main source of the skill upgrading that we can measure. Nor is there evidence that changes in the mix of skills can explain much of the recent growth in either earnings inequality or the share of low-wage jobs.

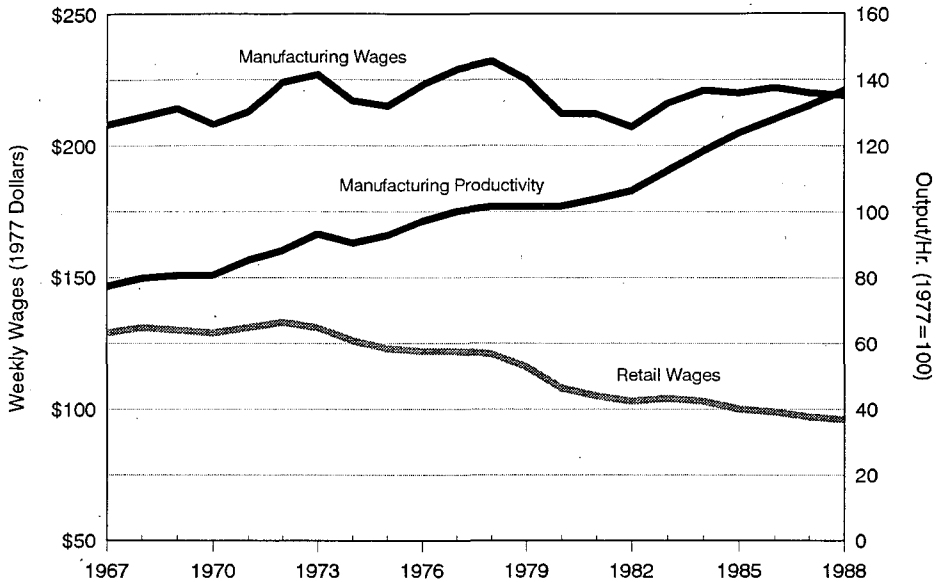
There is another explanation, one that does not fit neatly into a standard supply-and-demand diagram but that does offer a better fit with the facts. First, there was a marked increase in competitive pressures (globalization and deregulation) and an ideological shift in favor of markets in the late 1970s. In this climate, business strategies and government policies severe-



ly undermined traditional wage-setting institutions (collective bargaining, internal labor market norms, minimum wages) that had protected low-skilled workers from the full force of labor market competition. Second, the *effective* supply of labor competing for low-skill jobs substantially increased; and, consequently, labor lost relative bargaining power.

Several factors contributed to the crowding at the hiring gate. Employment opportunities in the *middle* of the earnings distribution, notably high-wage blue-collar jobs and moderately skilled white-collar jobs, disappeared. Fewer good job opportunities, rising numbers of displaced workers, and sharply rising numbers of low-skill immigrant workers fed the pool of workers competing for moderate and low-skill jobs paying low wages. Blue-collar labor markets also became more competitive than at any time since the early 1930s because of the decline in union membership and the growing capacity of firms to relocate to and

Wages and Productivity Growth 1967-1988



buy supplies from low-wage areas.

The result was a collapse in the wage paid for low-skill work. In this alternative view, the main restructuring trend among nonsupervisory male workers in the 1980s was not a massive shift away from lower skill jobs. Indeed, the share of low-skill jobs was remarkably stable from 1983 into the 1990s. Rather, the real shift was away from higher wage jobs.

In short, employers in the 1980s responded to increased competitive pressures by taking a "low-road" human resource strategy, one aimed above all at reducing current labor costs. In direct contrast to the technology-induced skill mismatch story, the fundamental problem in the 1980s was that most employers did *not* follow a high-tech, high-skills path. In a great many industries, workers learned new skills to work with more advanced production technologies—but their higher productivity was not reflected in higher wages. (See graph above).

Note that technology plays a key role in

both accounts. In the skills-mismatch story, workers were not keeping up with the rising skill requirements demanded by new computer-based technologies. In the dissenting account, technology facilitated both globalization and displacement, as well as strategies of contracting out to small, low-wage suppliers. In a context of high unemployment, hostile management and government policies, and weaker unions, these trends all eroded wages. So technology did contribute to wage collapse, but not primarily through skill restructuring.

These contrasting stories, not surprisingly, have political overtones.

If the skill mismatch explanation is correct, the market is only paying workers what they are truly "worth" and is signalling workers to upgrade their skills. More competition in the labor market, as in the market for shoes or computers, is better because competition ensures that resource allocation will be efficient. Since technolog-

ical change is held to be the main cause of the restructuring, and since few would favor inhibiting the use of new technologies, declining wages become inevitable for those without, say, a good college education or at least a competent technical one.

If the alternative story is right, however, the erosion in wages is mainly the result of an asymmetry in bargaining power, reflecting low-wage strategies by employers, a failure of government to help maintain traditional labor market institutions, and increased wage competition in the external labor market. Growing shares of workers with low wages reflect neither major skill shifts nor the use of new technologies. There is nothing inevitable or "natural" about the growing earnings problems of the two-thirds of the workforce without college degrees.

These contrasting explanations of the wage collapse suggest dramatically different policy strategies. If the earnings problems of low-skill workers are mainly the result of a shift in the demand for skills due to increasing use of information technology, public policy must substantially upgrade the cognitive skills of large portions of the current and future workforce. On the other hand, if the real mismatch in the 1980s was between skills provided and wages paid, improvements in education and training programs per se are unlikely to have much effect on the problem of earnings or earnings-distribution. There is little doubt that American workers need better skills, but a purely human capital approach will do little to reverse the downward shifts in wage norms in the last decade.

Wages and Skills

If the wage reflects the value a worker produces for the employer, and this value reflects the worker's skills, a collapse of wages for a particular skill group reflects a drop in the demand for these skills. But much empirical research since at least the 1940s indicates that the productivity of workers provides only a partial explanation of wages and wage trends.

Relative wages reflect not only skills and education, but a variety of other factors, such as gender, race, union coverage, firm size and industry of employment. One only has to ask, for example, why most jobs dominated by women (child care workers, secretaries, teachers, librarians, etc.) pay substantially less than those dominated by men despite higher average educational attainment required in the "female jobs." Moreover, "female" jobs in small firms in competitive industries will tend to pay even less over time, even if their relative skill levels have risen. In addition to these easily measured determinants, wage setting is also affected by such hard to measure factors as changes in collective bargaining laws, changes in enforcement of government regulations affecting earnings and conditions of work, and changes in labor-management relations.

Consistent with many earlier studies, recent scholarly work by Lawrence Summers and Lawrence Katz found that similar workers in the same occupations are paid substantially different wages in different industries. My own research with Edward Wolff, using data from the *Dictionary of Occupational Titles*, found that the wage distribution was not a good proxy for the skill distribution at the occupation or industry level, whether skills are measured by cognitive skills, motor skills or interactive ("people") skills. The link was particularly weak for nonsupervisory occupations. In short, skills help determine individual wage levels, but so do a lot of other factors.

Economists agree that raising real earnings requires raising the rate of productivity growth. As the 1994 *Economic Report of the President* states, "Periods of rapid productivity growth have been accompanied by increases in real wages." What the report doesn't say is that this relationship did not hold in the 1980s. As the accompanying figure demonstrates, manufacturing wages grew with productivity between 1967 and 1973, continuing a trend that began with the postwar boom. But manufacturing wages

The Wage Collapse

Changes in real earnings by demographic group,
1973-89. (Full-time, year-round workers)

Gender/Years of Schooling

Men	1973-79	1979-89	1973-89
0-11	-5.1	-19.6	-24.7
12	-4.1	-11.3	-15.5
13-15	-4.4	-2.8	-7.1
16+	-7.3	4.9	-2.4
Women			
0-11	4.1	-5.9	-1.8
12	2.8	1.5	4.2
13-15	.5	7.1	7.6
16+	-1.9	14.1	12.2

Source: Maury Gittleman, "Changes in the Structure of Earnings in the 1980s: An Occupational Perspective," unpublished (Bureau of Labor Statistics, 1993).

have stagnated since 1973, despite productivity growth in the 1980s that compares favorably to anything we've seen since the 1950s. Despite the introduction of productivity-enhancing technology such as optical scanners, the wages of retail sector workers have dropped even more dramatically.

Sources of Inequality

Additional evidence on the imperfect link between wages and skills can be found in the earnings inequality literature. Attempts to account for the unprecedented increase in male earnings inequality throughout the 1980's have naturally turned to measures of skill. If the wage distribution mirrors the skill distribution, persistent growth in earnings inequality within industries should be associated with widening skill differentials. But the data show little support for this expectation. Confirming earlier research by economist Lynn Karoly, Susan Wieler, a research associate at the Center for Education and the Economy at Columbia University, found that changes in the variation of educational attainment and work experience do a poor job of accounting for the steady increase in

earnings inequality within industries observed in the 1980s. Wieler went one step further and examined the effect of changes in the mix of cognitive, interactive and motor-skill requirements on the job from the *Dictionary of Occupational Titles* on earnings inequality. Examining 33 industries between 1973 and 1990, she found no statistical effect at the industry level in either decade. Unlike the substantial widening of the wage distribution in the 1980's, the dispersion of skill requirements was unchanged in the 1980's, even among technologically advanced manufacturing industries.

If demand for skills is not increasing as fast as the standard account suggests, perhaps the problem is that workers are getting dumber. However, according to a 1990 report from the Educational Testing Service, 83.5 percent of white 17 year old high school students in 1971 read at "intermediate" or higher levels; this figure rose to 87.3 percent in 1980 and 89.3 percent in 1988. Even more impressive were the results for black students, who increased from just 39.7 percent in 1971 to 76 percent in 1988. Yet, real wages for young black men—even those with a college degree—declined over this period.

In the 1980s, higher skills have simply not led to higher wages. In industry after industry, average educational attainment rose while wages fell. Indeed, wages fell more rapidly for young workers, despite their higher educational attainment. Young workers (16-39) in the stone, clay, glass and primary metals industry showed a 9 percent decline in workers with a high school degree or less, but a 76 percent increase in those paid an hourly wage below that necessary to keep a family of three 50 percent above the poverty line. The

communications industry saw its low-skill share decline by 33 percent and its low-wage share increase by 33 percent. Even more dramatically, the automobile industry's low-skill employment share declined by 6 percent despite its low wage share growth of 142 percent. Goods industries with high-wage, low-skill workforces appear to have restructured in the 1980s by radically lowering wages and gradually raising skill requirements—in short, by moving in the direction of the typical service sector workplace.

Massive Skill Restructuring?

Much of the attraction of the skills-mismatch story lies in its consistency with both the observed declines in the relative wages of low-skill workers in the 1980s and the popular vision of the effects of computer-based mechanization in the workplace. In the new "high performance" workplace, workers must possess the cognitive and diagnostic skills necessary to perform a broad range of frequently changing tasks. Computers and related technologies require higher skills and workers with obsolete or insufficient skills inevitably get paid less and ultimately lose their jobs, leaving behind a more skilled workforce. This transformation is undoubtedly underway. But was the demand for higher skills in the 1980s substantially greater than in earlier decades? And does it explain the wage collapse?

In a recent study of changing employment shares in manufacturing, Eli Berman, John Bound, and Zvi Griliches call attention to a sharp increase in the ratio of non-production to production workers and attribute this "skill" restructuring to computer-based technological change. Interestingly, the change in this ratio over time shows that virtually all of the "skill upgrading" took place in just 3 years—the recession years 1980, 1981 and 1982. Although the authors note that employers use recessions to restructure, there is no evidence of a substantial shift in skill mix (as they measure it) in the 1990-91 downturn. If the

technology-induced skill mismatch hypothesis story is right, why would new workplace technologies cause a sharp skill restructuring between 1980 and 1982 but not between 1983 and 1992, when the latter period was characterized by a far higher rate of investment in computer-based equipment?

In fact, there was great stability of the skill mix in manufacturing after the recessions of 1980-82. Between 1983 and 1988, the ratios of craft to semi-skilled workers, technicians to clerical workers, and professionals to managers remained virtually unchanged. And the ratio of craft workers to laborers actually *declined* steadily from about 4 to 1 in 1983 to 3.4 (it then rose slightly to 3.5 in 1988). These figures do not suggest the kind of skill restructuring that could explain the enormous earnings decline suffered by low-skill workers or the considerable widening of the earnings gap between low- and high-skilled workers observed in the last decade.

In recent research with Maury Gittleman, an economist at the Bureau of Labor Statistics, I allocated private sector workers to 621 jobs and grouped these into six job contours and three labor market segments based on a variety of measures of job quality using a statistical technique known as cluster analysis. We found that the worst jobs, labelled the "secondary segment," included 39 percent of the workforce in 1979. This share remained almost constant in the 1980's, falling slightly to 37.9 percent in 1990. The major restructuring that we found was not at the bottom, away from secondary jobs, but away from the middle—good nonsupervisory jobs—and towards the best white collar jobs. Most of these shifts took place between 1979 and 1983, well before most of the investment in computer-based technologies.

Over the long term, there has doubtless been a gradual increase in the demand for more highly skilled workers. As the renowned economist Fritz Machlup pointed out back in the early 1960s, the

increase in the demand for information workers—those with relatively high cognitive skills—dates to at least the turn of the century. Indeed, as my own research with Edward Wolff indicates, the share of semi-skill and low-skill manual workers in total employment declined substantially in each decade from 1950 to 1980.

But in contrast to the skill mismatch story, the evidence does not indicate an acceleration in skill upgrading in the 1980s. Indeed, my own studies with Wolff, as well as research by Lawrence Mishel and Ruy Teixeira using detailed occupational employment data matched to *Dictionary of Occupational Titles* skill measures show a *deceleration* in skill growth between the 1960s and 1980s. Using different data and methods, economists Kevin Murphy and Finis Welch, writing in the *American Economic Review*, concluded that “we do not find that the demand for skill grew particularly rapidly during the 1970s and 1980s, a period when wage inequality expanded in comparison to the three earlier decades....” Similarly, Lawrence Katz, chief economist of the U.S. Department of Labor, has noted that “estimates of within- and between-industry demand shifts indicate little or no acceleration in the 1980s” and suggests that “differences in the 1970s and the 1980s depend substantially on differences in relative supply shifts.”

The 1990 Report of the Commission on the Skills of the American Workforce, “America’s Choice: High Skills or Low Wages!,” despite its vivid title, found that only 5 percent of firms surveyed were actually concerned about a skill shortage. This is consistent with the key finding of a new study on international competitiveness by a prominent commission, assembled by the McKinsey consulting firm and headed by Professor Robert Solow of MIT, that it was not primarily skills or technology that distinguished productivity rates among nations, but rather management and labor relations policies. Based on the recent practices of employers, a more apt description might be “High Skills and Low Wages.”

Taking the Low Road

The more convincing explanation for the wage collapse is the intensifying product market competition and the ideological shift away from government intervention and towards *laissez faire*. These developments undermined traditional wage setting institutions, leading to a declining willingness to pay low- and moderate-skill workers “living-wage” paychecks. At the same time a slower growth and globalization led to an oversupply of workers competing to perform low- and moderate-skill jobs.

At the end of the 1970s, firms began to fundamentally reassess their employment and wage-setting practices. Large integrated (high-wage) firms began to downsize and rely more heavily on low-wage suppliers. Advances in telecommunications and transportation facilitated the relocation of lower-skilled operations to low-wage sites, leaving behind a core of permanent, relatively skilled employees supplemented increasingly by part-time and temporary workers.

Consistent with this alternative account, George J. Borjas and Valerie A. Ramey have argued that much of the increase in earnings inequality in the 1980s can be traced to the erosion of “rents” earned by low-skilled workers in concentrated industries—an erosion they attribute to increased foreign competition in durable goods manufacturing. They show that trade competitiveness in this sector has closely mirrored trends in wage inequality since the 1970s. A 1993 study by Maria Papadakis underscores the role of durable goods industries in the worsening of the trade balance in the early 1980’s. She reports that the trade balance shifted from a \$3.6 billion surplus in 1982 to a \$67.8 billion deficit just two years later. By 1987 the manufacturing trade deficit rose to \$125 billion. She attributes about 55 percent of the increase in the trade deficit to four durable goods industries that pay relatively high wages: motor vehicles (24.5 percent, nonelectrical machinery (14.7 percent),

electronic equipment (9.7 percent) and electrical machinery (5.5 percent).

Other economists, including Paul Krugman and Robert Lawrence, argue that trade shifts do not account for the bulk of the wage collapse. These studies, however, focus exclusively on various indicators of import penetration and export shares, and not on how trade patterns affect labor's bargaining power.

By the 1980s, concession bargaining had become widespread. According to labor economist Daniel Mitchell, the proportion of workers with private-sector union contracts whose wages were frozen or cut ranged from 0 to 5 from 1964 through 1980, rose to 8 percent in 1981, jumped to 44 percent in 1982 and 37 percent in 1983. While dropping to 23 percent in 1984 and 26 percent in 1985, by historical standards these rates have remained at remarkably high levels. In the eminently mainstream *Brookings Papers on Economic Activity*, Mitchell describes the increasingly confrontational approach of employers:

"[T]he longevity of the (wage) concession movement and its spread to less-than-dire situations suggest that the initial concessions have encouraged other employers to try their luck in demanding similar settlements. . . . Management, cheered by what is perceived as a shift in the balance of power, has changed its bargaining goals..."

Downsizing often works in tandem with wage concessions. For example, General Motors has recently agreed to sell most of its ownership in three plants employing some 2,000 employees. These workers, currently covered by a UAW contract that guarantees them the same wage as assembly line workers, will have to negotiate a separate agreement with the new company at the end of the contract, virtually guaranteeing wage concessions in the near future.

Another way to reduce labor costs is to substitute part-time and temporary workers for permanent full-time workers. The temporary help industry grew eight times faster than employment in all non-agricultural industries between 1978 and

1985 and increased from 620,500 workers in 1984 to 1,031,500 in 1989.

While the same technological advances have been occurring in Canada and Western Europe, there has not been a comparable collapse of wages. A key difference, of course, is that unions and other wage setting institutions remain much stronger in other industrial nations. Labor economists John DiNardo and Thomas Lemieux have compared wage inequality trends in Canada and the U.S. in the 1980s. Despite the similar labor markets, Dinardo and Lemieux find that "during this period, union density fell precipitously in the United States but declined very little in Canada. Similarly, the real minimum wage declined by 23 percent in the United States but by only 12 percent in Canada . . . We find that unions and the minimum wage accounted for 80 percent of the difference in the growth of inequality in the two countries." Another study, by Gary Loveman and David Blanchflower, concludes that unions and the minimum wage help to explain the different experiences of France (low inequality growth) and Great Britain (increasing wage inequality) during this period.

Moreover, our national social policies have undermined traditional wage-setting norms in the private sector. The U.S. continues to rely heavily on employers to provide health insurance, pensions, child care, and other fundamental benefits—benefits that appear as labor costs to employers. These costs are assumed by the public sector in most other developed countries. As the costs of benefits rise, our "privatized" benefits system encourages employers to substitute part-time and temporary low-wage jobs. This magnifies the gap between primary and secondary labor market jobs, increasing both the share of low earners and wage inequality.

The undermining of traditional wage-setting institutions has lowered wages for those with the least bargaining power in the labor market, thus increasing inequality between skilled and unskilled workers. It may have also tended to increase wage inequality

ty among workers in the same education, age, and gender group in the same industry. While the conventional view is that technological change has increased the demand for skill, leading to an increased premium for "unobserved skills" within these groups, it may be that the de-institutionalization of the labor market has had a greater effect. Wage norms appear to have broken down *within firms* (as internal labor markets are opened up to external competition), *within industries* (as increasing competition causes differences among firms to become a more critical factor in wage outcomes), and *among communities* (as transportation and telecommunications facilitate the relocation of some, but not all, firms to lower wage areas). In short, the "law of one price" that supposedly characterizes free markets may have been undermined, not promoted, by the heightened competition in labor markets.

Crowded Low-Wage Job Markets

Today, more workers are crowding into a pool of "secondary" jobs that remained a fairly constant share of total jobs throughout the 1980s, tending to lower the wages of what were already the worst jobs in the labor market. One source of this crowding is displacement from high-wage blue-collar jobs. According to a recent Department of Labor study by Diane E. Herz, more than 4.3 million workers were displaced during the boom years of 1985-89. Only 72 percent had been re-employed by January 1990 and of these, about 10 percent worked part-time. Among those re-employed full-time, about 40 percent earned less in current dollars than on their previous job. Not surprisingly, those least successful in the labor market after displacement were high-wage blue-collar men.

There has also been a stream of highly educated workers forced to compete in the low-skill, secondary labor market. Despite the rising *average* premium for a college degree relative to a high school degree in the 1980s, a weak job market has forced many lower-level white-collar workers

with college degrees to compete for relatively low-skilled jobs. This became particularly pronounced at the end of the decade, during the "white-collar recession" of 1990-91. The same computer-based technologies and corporate restructuring have made large numbers of middle-level managers redundant. According to the U.S. Labor Department, throughout the 1980s about 20 percent of college graduates were working at jobs that don't normally require a degree, and this is expected to increase to 30 percent at the end this decade. The share of black and Hispanic college graduates with poverty-level wages rose dramatically in this decade, from about 9 percent to just under 15 percent. One consequence of declining opportunities for moderately skilled white-collar jobs has been to increase competition, contributing a downward pressure on their wages.

Relocation of operations to low-wage, high unemployment regions has also contributed to a rising *effective* supply of labor. This shift to lower-wage labor markets, and not a search for more highly-skilled workers, is behind most recent relocation decisions. For example, according to spokespersons of Pratt and Whitney, the firm's decision to relocate as many as 9,000 high paying production jobs from a high-skill state (Connecticut) to lower-skill states (Maine and Georgia) was expressly designed to reduce labor costs.

Not long ago, it was an article of faith that new foreign workers were a net plus for the U.S. economy. They did unpleasant jobs at low wages, which native-born Americans were unwilling to perform, and had little downward effect on prevailing wages. That story is no longer accurate. At a time of extraordinarily high levels of nonrecessionary unemployment and declining real wages for low-skill workers, the flow of low-skill (legal and illegal) foreign workers into the U.S. reached record levels in the 1980s. According to Vernon M. Briggs the *counted* foreign-born population was 9.6

million (4.7 percent) in 1970, 13.9 million (6.2 percent) in 1980, and 19.8 million (7.9 percent) in 1990. A recent study by Borjas, Freeman and Katz found that the combination of rising imports and growing numbers of low-skill foreign workers had substantial negative effects on the relative earnings of native low-skill workers. The authors concluded that "between 30 percent and 50 percent of the ... decline in the relative weekly wage of high school dropouts from 1980 to 1988 can be attributed to trade and immigration flows." Federal immigration policy, at least until 1990, helped to supply an already overflowing pool of low-skill workers.

Case study evidence also suggests that, particularly in large urban centers, increased competition from recent immigrants has had negative employment impacts on native-born workers. In his study of the Los Angeles restaurant and hotel industry, Roger Waldinger concluded that "the story of black displacement in restaurants and hotels can be traced not to skill upgrading, but rather to competition with a rapidly growing immigrant population." Similarly, a General Accounting Office study found that "Janitorial firms serving downtown Los Angeles have almost entirely replaced their unionized black workforce with non-unionized immigrants." Again, it appears to have been labor costs, not skill restructuring, that explains this replacement of black with immigrant workers. A study by Katherine Newman, an urban anthropologist at Columbia University, found

that despite a 25 percent decline in the value of the minimum wage in the 1980s, there was intense competition for minimum wage jobs in two fast food restaurants in Harlem. Over the first six months of 1993, over 400 people applied for 50 jobs in these establishments. Only a handful of the job winners were high school dropouts. Half

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had high school degrees, about one-quarter were currently enrolled students, and the remainder were mainly foreign-born adults.

In sum, much of the low-wage problem appears to be just the reverse of that proposed by the technology-induced skill mismatch hypothesis: in the face of mounting competition, employers have reduced unit labor costs and increased flexibility in the production process by following the "low road"—lower wages, little training, and fewer permanent employees. This strategy has been facilitated both by the undermining of traditional wage-setting institutions and regulations, such as unions, labor relations laws and the minimum wage, and by an increasing supply of workers forced to compete for low-wage jobs. Since the late 1970s, federal and local government policies have played a central role in both of these developments, and in so doing have contributed to the adoption

of low-wage competitive strategies by many private sector employers.

Few will, or should, oppose the Labor Department's "get smart" policies for workers, but the reality is that changes in the ability of workers to provide the skills needed in technologically advanced workplaces had little to do with the startling growth in poverty-wage jobs, the drop in real earnings, and the growth of earnings inequality in the 1980s.

We do need to improve our education and training system, but making workers smarter will not, by itself, have much impact on the distribution of earnings. Training policies can only be relied upon to pay off for workers in a high-employment context. In addition to a better educated workforce, we need policies and strategies—both macroeconomic and structural—to restore labor bargaining power so that workers with rising skills in an economy with rising productivity will again command rising wages. ♦

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Whose Confirmation Mess?

David A. Strauss

WORK DISCUSSED
IN THIS ESSAY

Before Ronald Reagan nominated Robert Bork to the Supreme Court, Reagan reportedly showed an influential Democratic Senator a list of five possible nominees. The senator, pointing to Bork's name, said, "All of them are acceptable except this one." Reagan nominated Bork anyway, and of course the Senate ultimately rejected him.

President Clinton may not have circulated a list, but before he nominated Stephen Breyer he conspicuously floated other names, notably Bruce Babbitt's. When Babbitt attracted a degree of opposition from Republicans, however, Clinton turned to Breyer, a Democrat known to be well-liked by Republicans.

Stephen Carter, a law professor at Yale, argues in his new book that the Senate confirmation of Supreme Court nominees is a "mess," characterized by distortions and personal attacks that undermine judicial independence. The main culprit, he says, is popular attitudes toward the Court. We are too focused on the results the Court reaches on specific issues, like abortion and capital punishment, and insufficiently concerned with the qualifications of the nominee.

Carter convincingly shows that some recent presidential nominees to high positions have been treated unfairly. But the confirmation of Ruth Bader Ginsburg was not a mess, and the Breyer confirmation is not shaping up that way. In both cases, lawyers of great ability and distinction were appointed and (barring the unexpected in Breyer's case) easily confirmed to the Supreme Court.

Stephen Carter,
*The Confirmation Mess:
Cleaning Up the Federal
Appointments Process*
(Basic, 1994).

Why is the process sometimes a mess, but sometimes not? The notion that popular attitudes are to blame is, in the end, both too global and too despairing. Bork's nomination precipitated a "mess" because it was the culmination of a sustained ideological effort, by Republican presidents, to remake the federal judiciary. The Ginsburg and Breyer nominations went so smoothly because President Clinton, for better or worse, has no such ideological agenda for the courts.

Carter casts blame for the confirmation "mess" on both liberals and conservatives. Both sides have engaged in reckless and personal attacks to try to defeat nominees they oppose—liberals, he says, in their campaign against Bork; conservatives in their attacks on Thurgood Marshall when he was appointed to the Court by Lyndon Johnson in 1967, and more recently in their attacks on Lani Guinier, when she was nominated as Assistant Attorney General for Civil Rights. Carter concentrates principally on the Supreme Court, but he argues that the same problems infect the appointments process generally, notably in the Guinier case and in the unsuccessful nomination of Zoe Baird to be Attorney General. Both sides, according to Carter, endanger judicial independence by insisting that court nominees state their positions on issues, such as abortion, capital punishment, and affirmative action. Both sides exaggerate personal ethical flaws in nominees and refuse to allow such shortcomings to be forgiven or overlooked. In the process, Carter says, both sides ignore what really matters: whether the nominee has the ability and experience to do an excellent job.

Modest Proposals

What is the solution? Carter is in favor of "decency" and opposed to reckless personal attacks, as of course anyone would be. In addition, and more controversially, he is opposed to questioning nominees about their views on specific issues. At some points, Carter seems to suggest that only a nominee's technical qualification and legal skills should matter. But he finally recognizes that in dealing with some of the most important questions the Supreme Court must resolve—flag burning, school segregation, and executive privilege are examples he gives—technical ability is not enough. These questions involve the exercise of judgment and an articulation of the values the Constitution is supposed to protect. Carter concludes that "[t]he issue, finally, is . . . what sort of person the nominee happens to be" and that in an ideal confirmation process, the Senate should "get a sense of the whole person . . . not only of the nominee's public legal arguments but of her entire moral universe."

Carter offers a few specific institutional reform proposals, but in a rather Swiftian spirit. For example, he spends a couple of pages considering whether we should simply elect judges; then he says this is a "terrible idea" that he is proposing only because it is a logical extension of the way things are done now. More modest reform proposals, such as not having televised Senate hearings, or not having the nominee testify at the hearings, he dismisses, correctly, as measures that either will not solve the problem or will never be adopted. In the end, he concludes, the confirmation process itself is "not really broken"; the

"trouble, rather, is in our attitudes." We are concerned too much with whether nominees have sinned and too little with whether they will be good at the job; and we are fixated on the specific results the Supreme Court will reach, rather than paying attention to the caliber of work it does.

Carter points out that there have been ugly confirmation episodes scattered through the last few decades, indeed throughout our history. Perhaps the ugliest, as Carter shows, was the all but openly racist questioning of Marshall by segregationist Senators. Until Bork, though, there was little talk of a systemic confirmation "mess," as opposed to individual acts of unfairness.

Republican Bench Strength

As with so many aspects of current American politics, to understand the issue one should begin with Richard Nixon. In the 1968 campaign Nixon attacked the Supreme Court explicitly. His slogan was "law and order." The Supreme Court decisions he most criticized were those that protected criminal defendants' rights. He promised to appoint "strict constructionists." Nixon's Southern strategy, moreover, sought to identify the presidential Democratic Party with African-Americans, and thereby to win over white voters who resented the gains blacks had made. The courts, more than any other branch of the government, were identified with school desegregation and other decisions that promoted the interests of African-Americans.

Beginning with Nixon, then, an ideological shift in the federal judiciary was central to the Republican agenda. In the 1980s another constituency, the religious right, became a key part of the Republican coalition. Issues like school prayer and, most important of all, abortion, became part of the court-focused agenda of the Republican Party. In the Reagan Administration the effort to remake the ideological composition of the courts reached its zenith.

This crusade was systematically extended to the lower federal courts as well. As Carter notes, the Reagan administration centralized the selection of judges and adopted a program of overt ideological screening. In fairness, many of the judges chosen in this way were energetic lawyers of great ability. Traditionally, lower federal judges were chosen in large part by patronage, with senators or governors of the President's party selecting judges in their state. The ideological screening by the Reagan administration may well have improved the intellectual quality of appointments.

Reagan Republicans, of course, were not the first to choose judges on an ideological basis. Franklin Roosevelt systematically remade the Supreme Court by appointing Justices who would uphold New Deal legislation. The difference, however, is that Roosevelt had a strong national consensus behind him. His party effectively controlled Congress. By contrast Democrats held the Senate through Nixon's terms and the last two years of Reagan's. There was no national consensus on abortion or affirmative action remotely comparable to Roosevelt's New Deal mandate.

The systematic conservative stacking of the lower courts has received far too little attention. It is impossible for the Senate to review carefully more than a small fraction of presidential nominees to the lower courts. Presidents Reagan

and Bush made more than 550 such appointments. It would have been irresponsible for the Senate to have delayed the confirmation process long enough to probe each nominee's qualifications and views in depth. Of necessity the Senate could make an issue only over a very few of the most questionable appointees. Democrats finally drew the line at Bork.

Beyond Bork

It has become an article of faith on the political right that ideological warfare in the confirmation process began with the Bork defeat; if liberals are now losing nominees like Lani Guiner and Bruce Babbitt, they are only reaping what they sowed. Bork's defenders, and to a degree Bork himself, accused liberal Senators and liberal groups of having used the hearings to politicize the judicial selection process, and of having engaged in reckless tactics of distortion to defeat a highly qualified candidate. But if politicizing the process means considering a nominee's likely views on issues that might come before the courts, the process of judicial selection had already been highly politicized by the Reagan administration.

In truth, Bork's nomination was the capstone of a twenty-year-long effort to remake the federal judiciary. The confirmation process was thus politicized. The only question was whether it would be entirely one-sided as well. The Senate had approved Antonin Scalia, whose views differed little from Bork's, only two years before; and it had, of necessity, allowed many highly ideological appointments to the lower courts. For the Democrats to challenge Bork was, in the circumstances, hardly unreasonable. Carter does not say otherwise. Indeed he hints—although he does not quite say outright—that the Senate's decision to reject Bork was correct.

Carter does have two other concerns about the way the Bork hearings were conducted: Bork's enemies distorted his writings, and the hearings focused too much on how Bork would vote in specific cases. There were indeed gross distortions in the attacks on Bork, and no one should excuse them. That said, however, what was remarkable about the Bork hearings was not how degraded they were but how elevated they were—once they are compared, as they should be, not to an academic seminar but to the usual course of democratic debate. Compared to the distortions, oversimplifications, and mudslinging of presidential campaigns, the Bork hearings were a model of deliberation. There were extensive substantive discussions about the Constitution. Bork had time to explain his views. The nation focused on the issue over a sustained period. We cannot be completely confident that Bork's rejection reflected an informed judgment by the people, but we can be more confident in the case of Bork than we can about the vast majority of decisions made through the democratic process. The distortions that Carter justifiably complains about are probably close to the unavoidable minimum in a vigorous, partisan debate.

What of Carter's objection that confirmation struggles, including Bork's,

focus too much on predictions of how nominees will vote in specific cases, and too little on larger issues? Carter's suggested cure—that the Senate judge a nominee's moral character, and let the chips fall where they may on specific votes—could be worse than the disease. The one confirmation battle where inquiries into personal character played a large role was, of course, Clarence Thomas'. But there it was unavoidable because there was a serious possibility that the nominee had committed perjury. Those hearings are hardly a model of the kind of thing we want in the future.

Carter says the focus on nominees' views on specific issues, as opposed to more general questions of moral character, compromises judicial independence. But it is impractical to tell senators that they should ignore a nominee's expressed views on the burning constitutional issues of the day, and sometimes it would be wrong for senators to do so. A senator with strong moral and constitutional views about anti-abortion laws will not—and often should not—ignore the nominee's strong opposing views. Judges, of course, should have open minds in the sense of never foreclosing a revision of a position they hold. But a nominee with no views on the issues that come before the Court has not spent enough time thinking about the law to be even minimally qualified to be a Justice.

In fact, the threat to judicial independence—about which Carter is right to worry—exists not because nominees have views but because they are sometimes asked to make what amount to campaign promises. Judicial independence is not threatened because a nominee has taken a clear position on a controversial case—say, *Roe v. Wade*. Rather, it is threatened when a nominee is asked in a confirmation hearing to take such a position publicly for the first time, or to promise that she will not revise a previously announced position based on new evidence or argument once on the Court.

Ruth Bader Ginsburg's hearings showed that it is possible to draw a line between evaluating a nominee's previously expressed views and seeking commitments on future issues. She acknowledged and clarified positions she had previously taken in academic writings or judicial opinions. But when asked about a matter on which she had not previously taken a position in public—such as the constitutionality of capital punishment—she declined to answer. She did not say, disingenuously, that she had no view about capital punishment; she said that it was not a question she could answer. For the most part the Senators respected the distinction.

The Breyer Patch

Carter's book was published before Judge Breyer was nominated, and Carter wrote most of the essays included in it before Justice Ginsburg was appointed. He would likely be much more approving of the way the confirmation process has worked of late. After flirting with nominations that might have been more divisive, President Clinton settled on two political moderates of great distinction for whom there was a broad bipartisan consensus.

The quality of the nominations certainly speaks well for Clinton; in that sense they reflect an "attitude," to use Carter's term, that is more admirable than that

of the previous administration. A few of President Clinton's more liberal supporters, however, were displeased by these nominations. Neither Ginsburg nor Breyer is likely to galvanize a great liberal movement on the Court like that of the Warren era. Clinton, some people said, should have at least tried to appoint a liberal counterpart to Scalia or Bork.

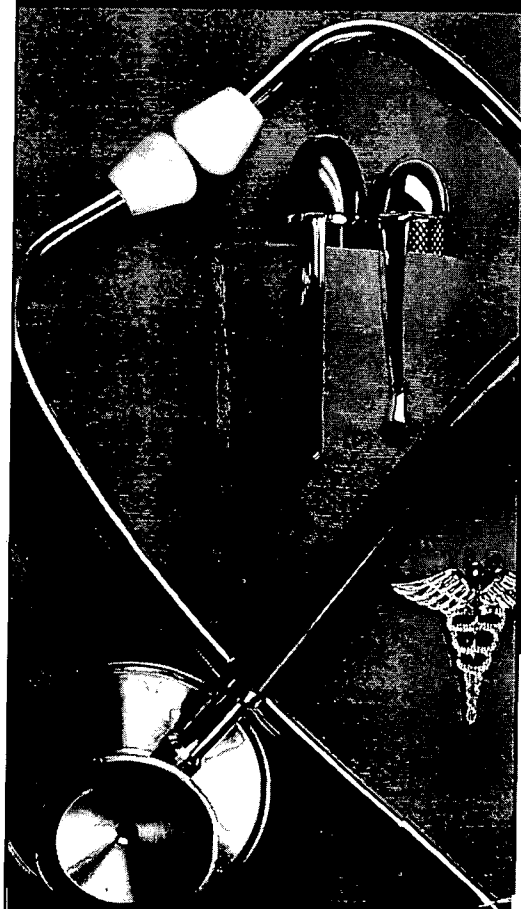
But the GOP under Reagan and Bush had a well-defined agenda for the courts; the Democratic Party, under Clinton, does not. On which issues would Clinton want a Supreme Court appointee to be an aggressive liberal? Surely not on, for example, capital punishment, which Clinton favors. Not on affirmative action, about which Clinton, and the current Democratic Party, are somewhat ambivalent. (This also explains the withdrawal of support from Lani Guinier, not just by the President but by the Democratic leadership in Congress, when she came to be perceived as offering affirmative action-like proposals in the area of voting rights.) Not on the rights of criminal defendants; the current Democratic Party is trying to stake out a pro-enforcement position that will gain back some of the ground it lost to Nixon. Not on issues of poverty and economic equality, where there is no interest in judicially imposed changes.

The only issue on which the Democratic Party has a judicial agenda is, of course, reproductive choice. But the abortion issue was essentially concluded in the Supreme Court—when *Roe v. Wade* more or less withstood a succession of Republican appointees—so this is not an issue over which the Republicans are willing to do battle.

There is a tendency, in Carter's account as in other discussions of the Supreme Court confirmation process, to assume that controversy is a bad thing. The use of the term "mess" suggest this. If only we could dispense with messy, Bork-like events, and instead have only friendly, Breyer- or Ginsburg-like events. Other things equal, perhaps, less controversy is better than more, but other things are seldom equal. The fact that the Bork hearings were a mess and the Ginsburg and Breyer hearings were tranquil does not necessarily mean that the process worked badly in the first instance and well in the last two.

Many people think of the Supreme Court as potentially the most progressive institution of the federal government. For them the Clinton appointments might seem to be a turning away from the legacy of the Warren Court, and a "messy" Senate battle leading to the appointment of a Justice with a pronounced liberal agenda would be far preferable to the decorous coronation of a Ginsburg or a Breyer. But President Clinton's agenda relies on popular and legislative support instead of on the courts, and he sees Supreme Court appointments as an occasion for building, rather than spending, political capital. Just as the Bork appointment epitomized something about the last two administrations, Clinton's decisions to make the high-quality but non-controversial appointments of Ginsburg and Breyer reveal something important at the core of this one.♦

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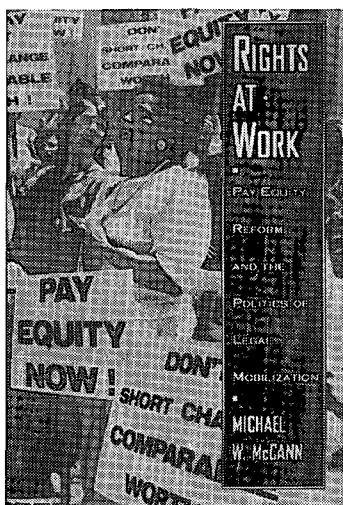
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